THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

December 2, 1939

Japan's Foreign Trade Headed for Crisis

By John Ahlers

Stalin: The Great Red Father

BY WALTER G. KRIVITSKY

Battle in Congress on Japan?

Burma's Tung Oil Industry

BY C. C. CHANG

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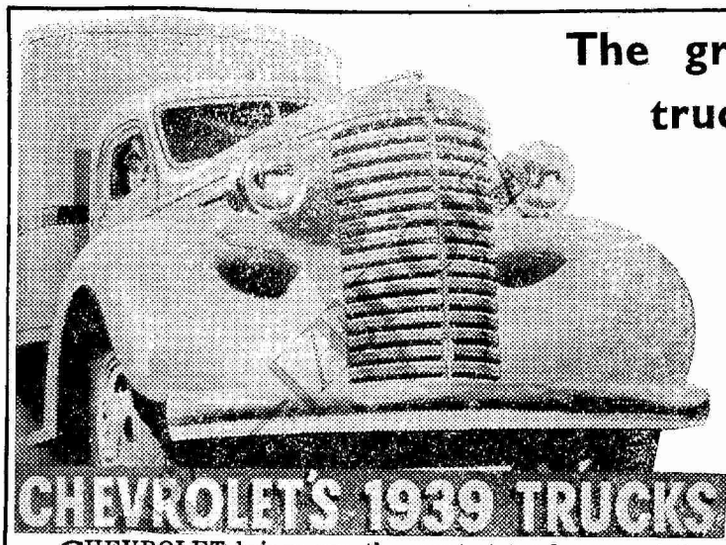

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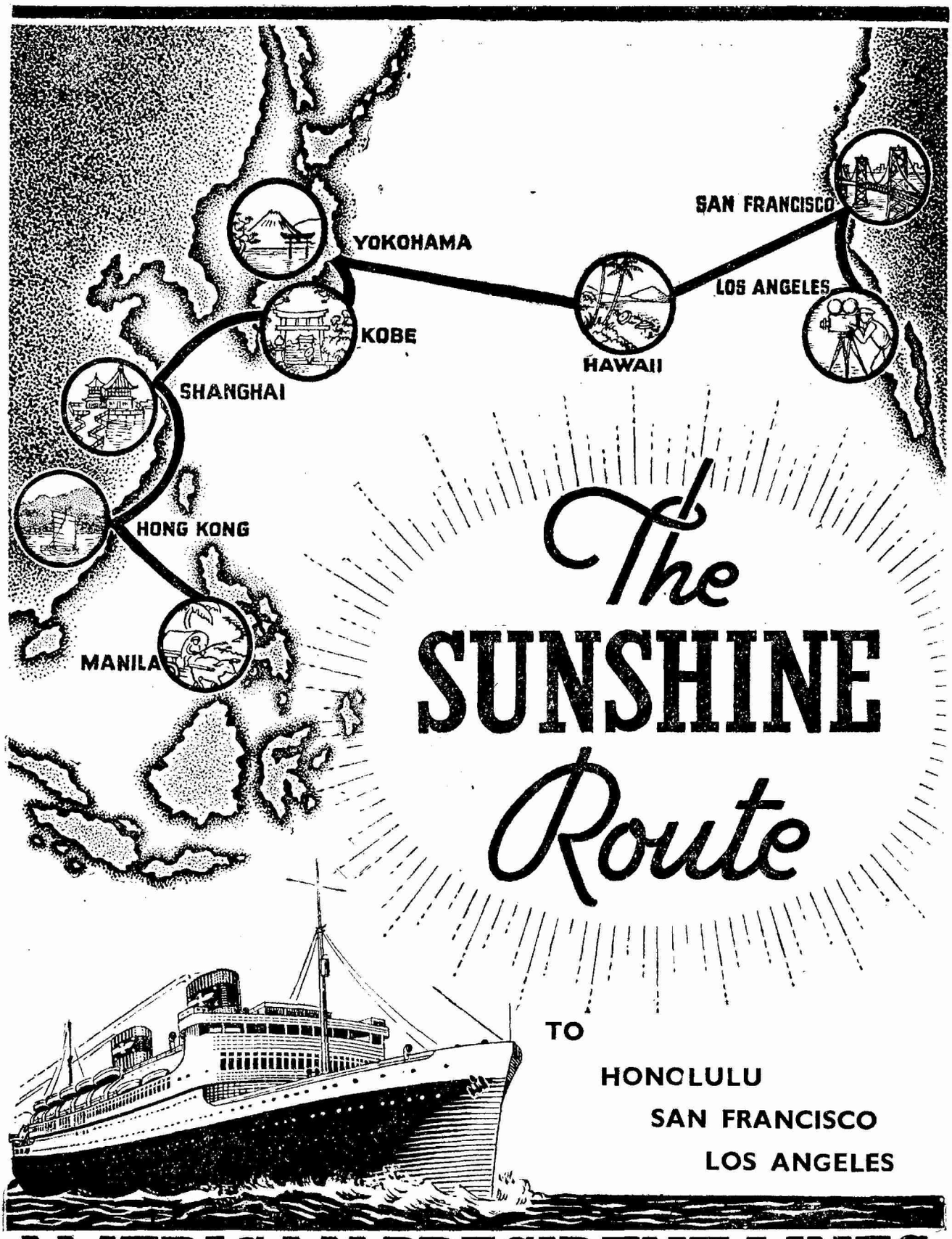

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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

NIPPON AIR RAIDS

To the Editor:

There is about only one way the Japanese can hope to conquer cities in China and that is by the cowardly method of 'raining eggs' from the sky on defenseless cities which are destined to fall prey to their avarice. Whenever one starts reading the papers on fresh Japanese penetrations inland—as for example the push on Nanning—the accounts are punctuated by air-raids upon air-raids carried out by the Japanese air-men on such and such cities. It makes one's blood boil to know that such 20th century massacres are being perpetrated by a modern conqueror with hardly any qualms of feeling. So much for your "New Order in Asia"—Fie on the order! Anything worth the name of humanity would cry shame on such dastardly acts.

When one views the areas of Japanese conquest the eye travels over cities on the coastboard and those on the East accessible by waterways that have fallen prey to the ruthless invaders. Why is this so? Because the victories are facilitated by bombardments from the Japanese men-of-war, indiscriminate bombings from the air, and onslaughts aided by the most modern artillery equipment. Talk of fighting superiority, I daresay man-to-man Japanese tommies are no match for the Chinese braves who, despite the advent of modern armaments, still believe in the efficacy of broadswords against the sharp-pointed bayonets when fighting at close range. It is China's misfortune, however, that nothing she could do can keep out the enemy's superior armaments.

For all the Japanese boast, and despite continuous air-raids, Chungking, the new seat of the Chinese National Government in the interior, is still waving proudly its national flag. Let the enemy come into the interior and our raw warriors, the Broadswords, will be found waiting ready for them!

H. B. KHOR

Shanghai, Nov. 24, 1939

FAVORS U.S. NEUTRALITY

To the Editor:

The Review is a long time in getting to me. I just received Sept. 2 and 9 yesterday. And I am not at all sure that I am getting all of them, but I am hoping that they will come in due time. I do not at all agree with many of your policies and views. I can see no reason why America should pull the chestnuts out of the fire for England and France, which are facing their present crisis because of their long-continued greed and the methods they have followed in building up their empires. However, I do not expect to agree with you. I am only hoping to get true statements and facts concerning Chinese and world news.

I am sure that your article "Armageddon Descends on the Continent of Europe" in your Sept. 9 number gives exact facts. And it seems to me to contain all the argument necessary to show why America should mind her own business and remain out of this war. A number of times you have referred to "Isolationists" with contempt, but right here the facts justify all that the isolationists have said and done. However, I do not wish to have an argument with you, simply to call attention to the fact that you have put up a good argument for isolation from the standpoint of our country. Not that our country has had any higher idealism than the others. We can only hope that idealism will really enter into the policies of our country. I mean the real article—not hypocrisy.

J.F.B.

Yuanling, Hunan,
October 26, 1939

LUCKY FOOCHOW

To the Editor:

Since the outbreak of Sino-Japanese hostilities, Foochow has been three times in danger of being attacked by the Japanese but so far it has been spared.

The reasons why the Japanese have not attacked Foochow seem apparent. Foochow is not a strategic post, nor has it railway connections with other Chinese cities. The districts adjacent to Foochow—Yungtai, Mintsing, etc,—are mountainous. During the years when other parts of Fukien were torn by internecine warfare, Foochow remained intact. Foochowese call their native place a bleassed land because it is free from war. Actually there has occurred in Foochow no fighting in the real sense of the word. Not that Mars dare not visit a land of blessing, but that the geographical position of Foochow prevents war.

To Japan, the occupation of Foochow is of no military value, nay, it may prove to be a burden. Chinese guerrillas in the districts adjoining Foochow would give the Japanese no peace at all.

It seems patent that the Japanese merely want to destroy the trade in Foochow. Their aerial activities and blockade are clear indications. To occopy Foochow would be a drain on Japan's treasury.

Some observers will say that the Japanese may cover up their defeats in North Hunan or elsewhere by marking out an easy prey like Foochow. Of course, there is such a possibility but it is very unlikely that they will do so. Militarily deadlocked and economically exhausted, they find it necessary to terminate the war with China and they are devising a face-saving method whereby they can come to peace terms with China.

THE CHINA WEEKLY REVIEW

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Probably, Foochow will remain unattacked even at the conclusion of the Sino-Japanese hostilites.

CHEN FU-SHENG

Foochow, Fukien,
November 22, 1939

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To the Editor:

The **China Weekly Review** is the most informative and useful all-around publication published in the Far East today and I fail to see how any person in America or elsewhere, who claims or hopes to keep abreast of developments in the Orient, can afford to be without it regularly.

E. L.

New York City,
October 16, 1939

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WILL AMERICA TAKE THE "NEXT STEP" IN PROTECTING HER RIGHTS?

Toshio Shiratori, who recently returned to Tokyo from Rome where he was Ambassador, declared in an article he contributed to a Toyko newspaper, that America's gesture in breaking trade relations with Japan "was a sort of bluff." Since America must first make up her mind about going to war against Germany, it seemed to Mr. Shiratori that the United States "was left without real power against Japan." In fact he didn't think that either Britain or U. S. were in a position to use force to prevent Japan's construction of her "new order" in Asia. He thought Japan should go ahead and make a deal with Russia regardless of the wishes of either Britain or America or both. Needless to say, Mr. Shiratori was a firm believer in the Rome-Tokyo-Berlin Axis which he helped to formulate.

Mr. Shiratori's remarks are of special significance at this time due to his important place in Japanese politics and the seriousness of the crisis in the relations of Japan and the United States.

Fortunately, there has arrived in Shanghai at this critical time, an important book dealing with the Far Eastern Policy of the United States during the past 40 years. It provides the background of information which one must have in order to understand what is happening now, and in order to speculate intelligently what may happen in the future.

⁂

FAR EASTERN POLICY OF THE UNITED STATES: A REVIEW*

By B. D. Causey, Jr.

WHAT is the next step which the United States will take in Far Eastern affairs? Will the State Department make a determined stand to check further disregard of American treaty rights and interests in China, or will it merely continue to issue ineffectual protests? Certainly now there are indications of a stiffening of the American attitude, such as the abrogation of the American-Japanese trade treaty last summer and the recent increases of naval strength in the Pacific area. A glance into the record, which Professor Griswold has traced through 40 years, may give some inkling as to what the answers will be. It is not true that American policy must necessarily continue indefinitely along lines laid down previously; but the student of international affairs knows that what the aims and methods of the foreign policy of a country have been in past years constitutes a good basis on which to attempt to determine what those aims and methods may be in future. This volume reveals what the American government has been trying to do over a long period of time, in which there has been a considerable consistency in the aims and methods employed and the results obtained.

The author treats his subject in chronological order, commencing with 1898 when the Philippines were annexed and the United States first entered the arena of world politics, and carrying the narrative down as far as 1938. With the exception of one chapter which is devoted exclusively to the topic of immigration, Professor Griswold takes up in succession the records of the various administrations during this period, showing what the presidents and their respective secretaries of state, from the time of McKinley and Hay to Franklin D. Roosevelt and Hull, have attempted to accomplish.

There has never been any deviation from the goal of "equal opportunity" for American nationals, a general principle which the United States Government tries to uphold throughout the world, not merely in China. Though the special phrase "Open Door" may mislead us into the belief that the United States has a special kind of policy for China, different from that in other parts of the world, this is scarcely true, inasmuch as the extent of American trade and investments in China, despite contrary expectations, has remained relatively small. Americans have never possessed a sufficiently large material stake in China on which to base a special policy.

What has been the result? Repeated failure, or, more accurately, lack of success, has marked the various efforts to reach this goal of Hay, "T.R.", Taft, Wilson and Hughes (the successor to Hay's policy) and Stimson. The present Roosevelt administration has hesitated to commit itself to any definite plan of action, and has announced instead that American policy rests on a "24-hour basis." Are there signs now that the United States is taking the initiative once again in trying to uphold its interests in the Far East? What methods is it preparing to use? Will the American government try to rescue China from Japanese military control? Is the concentration of the fleet in the Pacific a real threat against Japan? Is there any reason to believe that this will mean any more than did the assembling of the Asiatic squadron at Shanghai in 1932, or "T.R.'s" gesture of sending the fleet around the world? In other words, is there any reason to believe that there has been any significant change in the attitude so consistently maintained by American statesmen, and so clearly expressed by Acting Secretary of State Lansing back in 1915: "It would be quixotic in the extreme to allow the question of China's territorial integrity to entangle the United States in international difficulties?"

Although there have been various methods employed by administrations to uphold "equal opportunity" for Americans in East Asia (an aim from which there has never been any deviation), there has also never been any departure from reluctance to use force unilaterally in upholding American interests in China. Indeed, the diplomatic efforts of the State Department have sometimes been characterized by bluff, and in general have been designed to secure the signatures of the European powers and Japan to self-denying ordinances, such as the famous "Open Door" notes. The United States, not willing, or in earlier days not equipped, to join in the partition of China by force, has seen the best way to uphold its interest in persuading the other powers to uphold the principle of China's territorial and administrative integrity. Always loyal to this principle, the United States since 1900 has taken upon itself the role of urging its acceptance by others; but, the author insists, the integrity of China is merely a means for supporting the idea of equal opportunity for Americans, and is only rightly to be considered a subordinate aim of American Far Eastern policy.

**The Far Eastern Policy of the United States—By A. Whitney Griswold. New York, Harcourt, Brace and Company. 550 pages. Price U. S. $3.75.*

The high point of success for American diplomacy was reached at the Washington Conference in the winter of 1921-22, when the main features of its Far Eastern policy were written into international law in the several treaties there negotiated. What were the chief characteristics of these treaties? The first accomplishment of the conference was to bring about a naval disarmament agreement, to discourage the use of force, not only in East Asia but everywhere. And secondarily, nine interested powers signed another treaty designed to uphold the "Open Door" and the territorial and administrative integrity of China, though, important to note, their signatures merely denoted self-denial. Not one of them took on the obligation to force any of the other signatories to observe these principles. Events in East Asia in subsequent years proved this success to be almost as short-lived as the similar efforts of Hay more than two decades earlier.

What are the reasons for the lack of success of American Far Eastern policy? Nations who have felt their vital interests at stake and have not been hesitant to use force, e.g. Imperial Russia and Japan, have not been restrained by self-denying ordinances such as the "Open Door" notes or the Nine-Power Treaty advanced by a government with whom reluctance to use force or to become involved in political controversies in the Far East had been an axiom. And further, the American State Department, in former years, showed its inexperience in the game of world politics, being unable to understand correctly the motives and interests of the powers, and making the mistake, over and over again in the case of Great Britain, of regarding British policy in the Far East as identical with that of the United States.

One of the general themes which Professor Griswold reiterates is that the origin of political developments in the Far East, and their course of development, is to be found in the tortuous maze of European politics. Certainly American statesmen have been slow to appreciate this point. Nor has another point been sufficiently recognized, upon which Professor Griswold insists, that much of American action in the Far East has resulted wholly or in part from British suggestion or influence, for example, the annexation of the Philippines, the "Open Door" notes, and the treaties of the Washington Conference. It is because of these instances that American diplomats have been too often led to believe that British and American interests in the Far East were the same, and subsequently have been upset in their calculations when Great Britain was diverted, by her more important interests in Europe or the vital problems of her empire, from the principle of China's territorial and administrative integrity; to an alliance with Japan in 1902 or, during the World War, to reluctant acceptance of Japan's imperialistic designs in China, or in 1931-32 to courteous rejection of Stimson's plan for collective action in the Manchurian crisis. On these and similar occasions American policy has been rendered bankrupt.

The author sees a definite pattern that can be fitted to his subject—a series of cycles, in which various administrations have participated; the first stage of each cycle has been advance, in an effort to obtain a general acceptance of the points of American policy, then a later stage of retreat, when it has become apparent that no success can be attained. But characteristic of this retreat, the American government has made reservations, has refused to recognize *faits accompli* in contradiction of the principles which it upholds, and has asserted the right to re-open questions on which it has temporarily surrendered, at some future date. Such was the attitude which the State Department took at the time of the World War, when Japan confronted China with the Twenty-One Demands, and at the Paris Peace conference, when Wilson was forced to give in to Japan on the question of Shantung. However, when the powers met at Washington at the end of 1921, these questions were reviewed again with the result that a large part, though not all, of the American view was accepted.

The past two years have been marked by disinclination on the part of the United States to take any drastic measures to check Japanese continental policy, which has proved so damaging to American treaty rights. But there have been frequent protests and reminders that the American government refuses to entertain any thought of defaulting on the principles which it has traditionally upheld, or the treaties to which it is a signatory. Will there be another "Washington Conference" at which the United States can make its interests felt?

Is it to be expected that the unwillingness of the American government to employ force will continue indefinitely? In a country with political institutions such as those found in the United States, the aims and methods of foreign policy have to coincide pretty closely with public opinion, whenever that expresses itself at all clearly. A sudden change in public opinion may force the government to revise radically its foreign policy.

The author has pretty much neglected the influence of public opinion upon the development of American Far Eastern policy. In the past, public opinion has expressed itself more strongly than on any other issue in favor of exclusion of Oriental immigration, which has caused considerable embarrassment to various administrations. The government has been forced into apparently inconsistent positions on the occasions when this question has been forced upon it. While posing as the defender of China's territorial and administrative integrity, it found itself facing on one occasion the first of the great Chinese boycotts against a foreign country. On other occasions the government regretted to see Japan stirred into frequent demonstrations of hostility toward the United States, when it is only Japan who constitutes a potential threat to the American "Achilles Heel," the Philippines.

Has public opinion in the United States, during the past few years, developed a firmer attitude than ever before on other aspects of American Far Eastern policy? In 1931-32, the great depression and home politics diverted attention from the Sino-Japanese conflict, in which Stimson, so strenuously, but employing traditional methods, tried to uphold American interests. How much more attention and interest has been turned to the Far East in the past two years? To believe the recent remarks of the American ambassador to Japan, public opinion in the United States has taken a definite and strong stand on the issues involved in the Far East. Does this mean that the United States may employ methods never before tried in upholding its Far Eastern policy?

The oldest of the geographic divisions of the State Department, the Far Eastern division, certainly showed evidence years ago of its inexperience and inability to match the diplomacy of the great powers. In more than 30 years of life, what has it built up in the way of experience and tradition? Does its work show evidence of maturity, is it now a peer of European foreign offices, and does it understand the complexity of European political interests more than in former years? Is it able to take a less insular view of developments in the Far East, and appreciate more what ideas and aims are responsible for the actions of the other powers concerned? These are questions which the author does not attempt to answer directly.

The general reader will find this book a clearly written exposition of American policy in the Far East during the past 40 years, with emphasis on the general patterns of aims and methods employed during this time. But the special contribution of Professor Griswold lies in his treatment of the origin of the "Open Door" notes, which were the result of British inspiration—a reminder

of the influence of Great Britain on the formation of American foreign policy, not merely in the Far East but in general, a tradition going back as far as the proclamation of the Monroe Doctrine, which was designed as much to uphold British interests as American. The author has used as sources, in his treatment of this special topic, private manuscripts from the collection of William W. Rockhill, who served as adviser to Secretary of State Hay, and the papers of Alfred A. Hippisley, a Briton at one time connected with the Chinese maritime customs, who in turn was the adviser of Rockhill. Hitherto unpublished, pertinent documents from these collections are included in an appendix, in which they are compared with the actual historic "Open Door" notes of Hay.

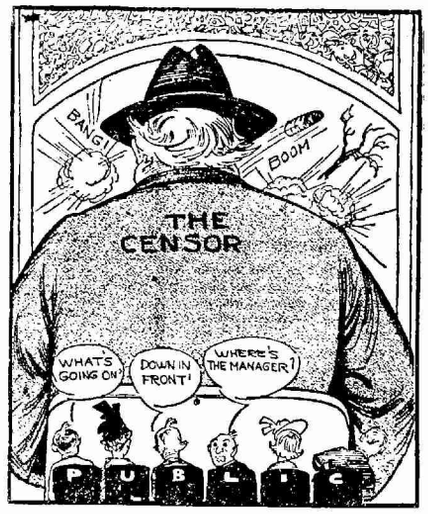
Japan's Foreign Trade Headed for Calamitous Crisis

BY JOHN AHLERS

JAPAN'S foreign trade is heading straight for a crisis which is bound to have repercussions upon the whole of the country's economy and finance. The extent of this crisis, and the success or failure of the Tokyo Government in fighting it, will greatly determine the future fighting strength in China and the general fighting potential of the Japanese military and naval forces.

Even in times of peace, for the smooth running of her economic machine, Japan is more dependent upon foreign trade than most other countries and all of the other great powers. In times of war, this dependence regularly increases by leaps and bounds. During the present Sino-Japanese war, it has gradually become greater and more obvious than in any of the earlier wars fought by modern Japan. Today, the very continuation of the Japanese war adventure in China largely depends upon the maintenance of Japan's foreign trade. If she should be unable to continue importing military supplies and raw materials to the present extent, or to export commodities and gold enough to provide herself with sufficient foreign exchange to pay for those imports, her whole war economy, her national budget, her currency, and possibly even her political structure will stand in danger of being overthrown.

In the "Theater of War"



Thomas in the Detroit News

Japan went to great pains to adjust her foreign trade to the conditions created by the China war, and at considerable sacrifices on the part of her peace-time industries, civilian consumption, and financial reserves just managed to keep things going when some four months ago she was hit suddenly by Washington's denunciation of the treaty of commerce and navigation. This treaty is by far the most important of all the trade agreements between Japan and other countries. It covers no less than 44.23 per cent of Japan's imports and 30 per cent of her exports, inter-yen-bloc trade not considered.* The abrogation of this treaty, which means to Japan much more than does the British treaty to the United States, threatens to upset the whole structure of Dai Nippon's foreign commerce. Yet, the military in Tokyo, though feeling very uncomfortable about the matter, originally decided to face the expiration of the treaty on January 26, 1940 rather than discontinue their China policy of anti-western economic and financial discrimination. They hoped, four months ago, to be able either to induce Washington to conclude another treaty of trade, or to devise appropriate measures to readjust Japan's war economy to the new situation.

At that time, however, Tokyo cherished the illusion that Germany and Italy would be able to come to the economic rescue of Japan. The Japanese military were in the dark as to the rapprochement between Berlin and Moscow, and had not the faintest suspicion that a European war might break out in the autumn. The war, economically, was another disagreeable surprise, for it immediately confronted them with a multitude of new trade, price and currency difficulties. It took them three months to cope provisionally with this new situation; without solving any of its problems. Now that Tokyo has a breathing space to consider its trade situation as regards the United States, the expiration of the treaty with America is less than two months ahead. There is no indication that the treaty will be prolonged, or that a new treaty will be concluded before January 26, 1940, or soon after.

The rapidly approaching non-treaty status already is casting its shadow on current U.S.-Japanese business. American banks no longer unreservedly cash letters of credit issued by even first-class Japanese banks, but require formal guarantees of American banks which are extremely difficult to obtain. Japanese order contracts accepted in the United States for fulfillment after January 26, 1940 are generally provided with a clause stipulating that the Japanese buyer shall shoulder any additional costs which may be caused as a result of the treaty's abrogation. American buyers of Japanese goods formally stipulate in their contracts the responsibility of Japanese sellers for such extra costs. Japanese fixing of U.S. commodity futures, and U.S. trade in Nipponese silk futures, also is adversely affected by the approach of the deadline on January 26 next year.

The Japanese military are now anxious to secure from the United States whatever supplies they can obtain. In recent weeks, they not only heavily increased their orders for American war materials and other supplies such as mineral oil products, which they used to procure from Uncle Sam, but they also placed large additional orders for machinery, iron and steel, etc. which originally had been earmarked for placement in Germany, Italy, and other European countries. Total Japanese orders for American goods during the past six weeks increased by 33 per cent. Compelled to pay considerable cash advances on account of these orders and to provide on short terms exchange coverage for the balance, the remainder of the Bank of Japan's foreign exchange revolving fund and other exchange reserves are almost completely tied up in the financing of these transactions.

Subsequent to January 26, 1940, a series of penalties automatically resulting from the then ensuing non-treaty status between Tokyo and Washington will hit in the United States Japanese goods and ships. Such penalties include a 10 per cent *ad valorem* duty on all Japanese goods, as well as on all goods arriving in the U.S.A.

*Percentages calculated for January-August, 1939.

in Japanese vessels; a tenfold increase in tonnage dues in U.S. harbors for all Japanese bottoms; and a series of other measures likely to turn out extremely harmful for Japanese trade and shipping with the U.S.A. This trade used to provide Japan with almost one-third of the foreign exchange which she gets out of her export trade, while Japanese shipping to the U.S.A. accounts for little less than half of the whole foreign exchange revenue of the Japanese mercantile marine.

Still greater dangers will face Japan once the treaty will have expired, for the Washington Administration may at any time place a partial or total embargo on exports to that country. Already Senator Key Pittman, chairman of the Foreign Relations Committee of the U.S. Senate, has drafted a resolution empowering the President to prevent export to Japan of U.S. arms and munitions, iron, steel, scrap iron, and mineral oil products. During the past two and a half years Japan imported from the United States two-thirds of all the foreign war materials she purchased, and many of these materials she cannot now, with the European war on, import from anywhere else.

While these difficulties are hanging fire, Japan by no means has solved the trade problems with which she has been confronted by the European war. She has lost a substantial portion of her European trade, which accounted for 15 per cent of her exports and 16 per cent of her imports, excluding the yen-bloc trade. Her imports from Germany formed half of her importations from all of Europe, and for months have been completely cut off. Whether Russia will put at the disposal of Japan and Germany the Trans-Siberian Railway for large-scale through traffic, is an entirely open question and appears chiefly to depend upon the concessions which Tokyo offers Moscow in return. In negotiations with the European Allies, Japan some six weeks ago obtained certain assurances to the effect that the Allies would not interfere with German maritime exports of industrial equipment to Dai Nippon, but in the meantime these assurances have been nullified by the Allies' decision to stop all exports from Germany. The Allies and even neutral countries, including Italy, also have embarrassed Japan by the non-execution of many industrial orders. Take in addition shipping difficulties, and it is not to be wondered at that the volume of Japanese imports during the first three months of the European war suffered a substantial reduction, which forced Japan to reduce the scale and extend the time schedules of her industrial expansion plans.

Japanese exports, under the impact of the European war, developed irregularly. Their value rapidly rose throughout September, reaching an extraordinary high toward the end of that month, then dropped sharply during the first three weeks of October, and afterwards experienced once more a strong increase. Some of the exports of Japan, such as those to Germany, were cut off by the war. But Germany accounts in Japan's exports for only 2.50 per cent of the non-yen-bloc shipments. These losses were offset, temporarily, by substantial increases of export volumes to Asiatic markets of cotton cloth, sheet glass, and some other commodities. Japanese raw silk experienced a great price boom, rising in Yokohama from Yen 1,300 to Yen 2,000 per bale, but dropped again to Yen 1,850. Raw silk accounts for almost 80 per cent of Japan's total exports to U.S.A., yen value figures of which consequently rose considerably.

With imports down and export values up, Japan's balance of trade with the countries outside the yen bloc greatly improved. In October, it showed a deficit of Yen 2,000,000 only, as compared with some Yen 60,000,000 in the average of the first eight months of this year. This, however, is but a temporary phenomenon which will not last. First, the last three months of the calendar year usually form the period most favorable to Japan's commercial blance. Next, the coming few months will bring greatly increased Nipponese imports from the United States in execution of the large additional orders recently placed in that country. Finally, the export boom in cotton cloth, sheet glass, etc. is condemned to be shortlived. The additional exports of the past two months were effected out of old commodity stocks, the release of which became possible as a result chiefly of the yen devaluation, which readjusted for foreign buyers the price level of these goods. Concurrently with the increased exports of cloth and glass, the production of these goods in Japan suffered a further decrease, brought about by greater shortage of raw materials and of electric power. The exhaustion of the stocks in question, which is just about to happen, will make an end of these exports.

How Long Can He Hold It?

White Plains, N. Y. Reporter

Predictions have come true that Japan would enjoy again, due to the European war, favorable export prospects. The China war, however, prevents Japan from profiting from these possibilities. Of recent weeks, orders and inquiries were received in Japan from San Francisco, Calcutta, Panama, Brazil, West Africa, Egypt and Bangkok for canned goods, dry goods, machinery, rayon cloth, glass and chinaware; from Mexico for iron pipe, rayon textiles, paper and veneer; from Brazil for red phosphorus; from India for 40,000 tons of bleaching powder, and from Norway for 5,000,000 hemp bags. These orders and inquiries all came from would-be clients of made-in-Japan goods who thus far did not import these commodities from Japan. However, the report of the Tokyo Central Association for Promotion of Foreign Trade which contains this information, sadly states that Japan's industries are not in a position to fill these orders. With all available foreign exchange funds tied up in the effort to import from the United States whatever war supplies can be obtained before the fateful date of

January 26, 1940, Japan cannot now afford to buy additional foreign raw materials for the manufacturing of additional export commodities. The Tokyo Ministry of Finance continues to turn down all applications for additional foreign exchange on the part of the peacetime industries, and even decrees further curtailments of exchange allotments for those industries' raw material imports.

A major problem of Japan's foreign trade is also the recent devalutaion of the yen in the wake of the British pound. The bulk of Japanese exports is selling to countries which also have devaluated, so that only the minor portion of those exports which goes to other countries has been encouraged by the yen devaluation. On the other hand, the major part of Japan's imports comes from countries which recently have not devaluated, and prices of these imports have substantially increased for Japan. The 15 per cent yen devaluation automatically boosted American dollar prices for Nipponese importers by 18 per cent. There was, of late weeks, in the Japanese economic press much talk about the recent sharp increase in the world price level having allegedly readjusted price relations between Japan and the Anglo-Saxon countries in favor of the former, after years of a higher price level in Japan than most other countries. This will hold good only, however, if the Tokyo Government should be able to check further price increases in Japan which are due to higher world prices and, in addition, the yen devaluation. There are but small prospects for Tokyo to succeed in this direction, and important exceptions from the official price pegging to the level of September 18 already have had to be made in the case of commodities so important as silk, cotton textiles, rice. Indications are that the price level in Japan will continue to increase by leaps and bounds.

All in all, Japan's foreign trade is confronted with unprecedented difficulties and obstacles. The Tokyo Government thus far has been unable to devise measures likely to solve any of the burning major problems of Nipponese foreign commerce. In all probability, Tokyo will follow the line of least resistance and turn for relief to the Japanese conquests in China, curtailing Nipponese exports to the yen-bloc area, and at the same time multiplying efforts to squeeze out of enchained China whatever raw materials and other supplies may be obtained here.

Post Office Official Ordered Mail Restrictions on U.S. Ships

Since the inauguration of Japanese mail censorship in the Chinese Post Office at Shanghai, Americans and other residents of Shanghai have been accustomed to taking their mail directly to the steamers. They were able in this manner to prevent inspection and interference with their private correspondence.

Recently, however, the U.S. Postal Clerks stationed aboard the President ships refused to accept mail brought directly to the ship for mailing purposes. The order caused serious embarrassment because of the disinclination of residents to permit Japanese inspection of their mail. It was reported that more than 2,000 letters, containing considerable Christmas correspondence, were rejected by the Postal Clerk on one ship, resulting in the mail being delayed. Much of it, according to report, was later sent to Hongkong by private messenger. This resulted, in addition to the delay, in considerable added expense due to the higher postage charges in the British Colony.

According to telegrams received in Shanghai last week, the order preventing the Postal Clerks from accepting mail while the ships are in port was issued by the Director of International Postal Service in Washington. It had been reported earlier in newspaper dispatches from Shanghai, which were published in the New York newspapers, that the officials of the U. S. Maritime Commission had been responsible for the mail ban. This was incorrect as the order was issued by an official of the Post Office Department at Washington.

Since protests by foreign consular officials have had no appreciable effect in eliminating illegal Japanese censorship of American and other foreign mail in the Chinese Post Office, foreign residents have been forced to adopt various methods of dispatching mail by means other than the Chinese Post Office. One method is to hand mail to passengers on the ships who place it in the ship post office after the ship has left port. Recently it was suggested that efforts be made to have an American Postal Agency established in Shanghai for the handling of American mail, as was done prior to the Washington Conference in 1922. It also has been suggested that the U. S. Post Office be requested to cease handling certain classes of Japanese mail unless censorship and interference with American mail at Shanghai is discontinued.

America's Entry into War is Predicted by Local Pastor

DR. J. L. CAUGHEY, American pastor of Community Church in Shanghai, rather surprised some of his auditors in a Thanksgiving Day address at Holy Trinity Cathedral on Nov. 23, when, in the course of remarks which the British *North-China Daily News* described as a bitter attack on war-minded nations, the pastor tentatively forecasted the entry of the United States into the conflict. He declared:

"It is generally agreed that if a stalemate ensues in Europe, or if the time should come when the Democracies are being overthrown, America's power would be sufficient to turn the tide, to prevent the catastrophe of the downfall of democratic civilization. And can we imagine that in such a situation the American people would be willing to watch such a catastrophe and do nothing about it? That, no doubt, is what the totalitarians hope will happen. Perhaps it gave them encouragement to start war. But what would be the next eventuality? What would America's future then be?"

Dr. Caughey declared that the destruction, the bloodshed and suffering caused by the war would be "horrible beyond imagination" and said the United States wanted peace with power enough to insure it and preserve it . . . Our motives, of course, are questioned. There are those who say it is our selfishness, or greed for gain. But we protest that it is not to save our own skins, or to protect our gold and our property, that we do not want to go to war again! It is rather because we hate war. We know now what modern warfare means, how destructive, how futile, how wicked it is! War never settles any problems! It only creates new and greater ones. And we have had enough of war. We do not want another! We want to stay out of this war, if that is possible!"

Having thus characterized war as unqualifiedly futile and wicked, and as something which not only solves no problems but creates new and greater ones, Dr. Caughey went on to outline the circumstances under which the United States could be expected to plunge into the European blood-bath. "We hate war (I repeat it)," he said, "and we will stay out of this war—if that is possible, with honor, without failing in our duty."

"Very reluctantly at times," he went on, "America and the other self-governing nations, have turned away from the arts and industries and pursuits of peace, to the stern necessity of war, wicked and essentially ineffective as it is, when war has seemed to be the only means of repressing and overcoming a brutal and vindictive foe, a foe that has made known its furious and cruel character, not only as a menace to civilization, but as an enemy of the human race. To subdue and discipline such arrogant, evil power seems at such times to be the only way of bringing an era of enduring peace to the world.

"When, therefore, all that we hold dear and sacred is threatened, when it seems clear that it is our duty, our moral obligation, to lend the great power of our nation to the cause of humanity and righteousness, is it conceivable that America should take refuge in any assumed safety of isolation, and stand idly by while the rest of the civilized world is perishing? And is there any question in anyone's mind, where America's sympathies are, either in Europe or in Asia today?

"We are not our brother's keeper; and it is not our province or our desire to attempt to regulate the affairs of the rest of the world; and we hope we can stay on our own side, of both of the oceans! We need nothing, and we have nothing to gain, but everything to lose in entering any war! But, can we stand by in assumed safety, and let our brothers perish, the peoples to whom we are closely related, by ties of blood and common interests and ideals? What is there in America's history, to warrant any such conclusion?

"It has been said that if we go into another world war, it will bankrupt our country. Probably that is true: no doubt it would be true, at least for a time. But, do we want to be rich materially, and be bankrupt morally and spiritually?"

If, as Dr. Caughey asserted, all war is futile and wicked, wherein would consist the moral and spiritual bankruptcy if America, regardless of what happens in Europe, adheres to the resolve to remain aloof from such a futile and wicked enterprise? When the European war broke out early in September, President Roosevelt declared in a radio address broadcast throughout the world that the American nation would remain neutral, but added: "I cannot ask every American to remain neutral in thought as well. Even a neutral cannot close the mind of his conscience." By contrast, President Wilson, in 1914, enjoined Americans to be neutral in thought, word and deed. It is a short step from harboring a thought to expressing it in words—and later in deeds.

Congressional Battle Looms on Question of American Relations with Japan After Trade Treaty Lapses

JAPANESE LIFT TIENTSIN COAL EMBARGO AFTER AMERICAN PROTEST

Japanese military authorities in Tientsin agreed on Monday of this week to permit transportation of 70,000 tons of coal into the British and French Concessions, the daily quota which may be transported in a single day being fixed at a maximum of 700 tons, *Domei* reported. The Japanese action followed by three days a request by the Tientsin American Chamber of Commerce to Mr. John Caldwell, American Consul-General, that he file strong representations with the Japanese authorities over the serious coal situation, which was causing the greatest discomfort to American citizens and also hindering their business. According to the Japanese agency, the military were "adamant" to a British request (submitted through Mr. Oswald White, Consul-General) for a lifting of the embargo on coal shipments into the Concessions, and only modified the embargo because the coal shortage was causing hardship to third-power nationals as a whole as well as Chinese residents in the two foreign areas who are not parties to the Anglo-Japanese dispute.

WITH the guns of oratory stilled in the great battle over Neutrality and the Arms Embargo in the last session, the United States Congress seems likely to face a fresh, and perhaps equally vigorous, contest in the coming session over the attitude to be taken toward Japan after the Japanese-American Treaty of Commerce and Navigation has expired next January 26.

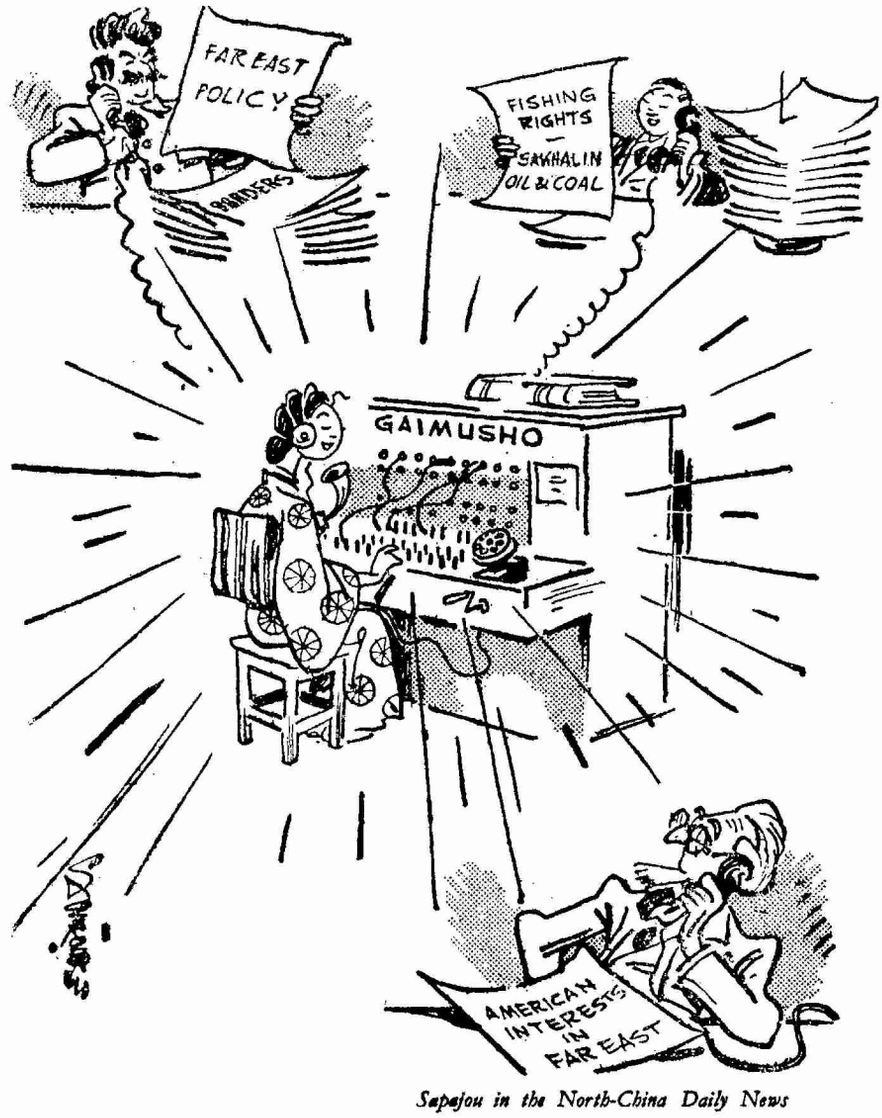
In a public statement issued in Washington on Nov. 24 Senator William Borah, leader of the "isolationist" bloc, proclaimed his intention to battle during the session for a new "reasonable trade treaty" with Japan. Two days earlier, Assistant Secretary of State Sumner Welles announced that the trade treaty with Japan would be permitted to lapse in January. He denied that negotiations for a new treaty were in progress either in Tokyo or Washington and said that America's future relations with Japan would depend on developments in the Far East and their effect on American interests. A Foreign Office spokesman in Tokyo admitted that no negotiations for a new treaty were going on, adding the vague statement that if the atmosphere proved favorable, Japan would start negotiations for a readjustment of relations with foreign countries, including the United States.

Senator Borah's statement provoked an announcement on Nov. 25 by Senator Key Pittman, chairman of the Senate Foreign Relations Committee, who piloted the Neutrality Bill and arms embargo repeal through the last session in face of the opposition of Senator Borah and other isolationists. He predicted that Congress would approve a Bill which he intended to introduce to authorize the President to place an embargo on American exports to Japan. Said he: "I see no occasion for acts off appeasement, or even of expressions of appeasement in behalf of the United States towards Japan. The information I have shows that Japan has continued to violate the rights of our citizens in China. It would seem futile to enter into a new commercial agreement with Japan until Japan has made some effort to keep her former agreements under the Nine-Power Treaty." The United States, he added, had every right to "retaliate" against violators of treaties with the United States, and he therefore intended to urge an embargo against Japan "unless conditions change materially from what they are now."

Senator Borah had declared that the United States could not afford to lose her present U.S.$400,000,000 annual trade with Japan "except for a very sound reason." The problem should be approached from a purely commercial standpoint, he said, and the framing of a new commercial treaty would not require American sanction of Japan's invasion of China or the "New Order in East Asia" which the Japanese hope to inaugurate. If political considerations should enter into negotiations for a new trade treaty, Japan and not the United States should raise them.

Japan, he went on to point out, is now the third largest customer of the United States, and this trade

So Sorry—Line Engaged!



Sapajou in the North-China Daily News

might be enlarged due to curtailment of shipping on other seas because of the war in Europe. America was not going to have so much trade on her hands that she could safely throw away part of it without a very sound reason. He indicated that he does not consider recent incidents infringing American rights in China, especially at Tientsin, as serious enough to warrant refusal of a new treaty with Japan. Interference with American business, he said, amounted to a delay of only a few hours at most and "it does not seem so greatly disturbing that such things should occur in regions saturated with a war atmosphere."

The statement of Senator Borah—who according to a *Domei* report from Washington has been joined by Senator Arthur H. Vandenberg (another Republican isolationist) in his advocacy of a new trade treaty with Japan—drew a sharp retort from Mr. Hollington K. Tong, vice-minister of publicity in the Chinese Government, who according to *United Press*, warned Senator Borah not to sacrifice American principles for "blood money." Said Mr. Tong: "The Chinese people hope that Senator Borah will not attach too much importance to commerce and profit-making at the sacrifice of principles to which the United States Government has traditionally subscribed. Unless the democratic countries, led by the United States, stand for their principles and collective security against aggressive tendencies, even more disasters will be in store for us. There must be something wrong with any person who still hopes to get blood money by selling munitions and war materials to Japan in order to further her war of aggression and kill tens of thousands of innocent Chinese."

Supporting these views, the *Shun Pao*, leading Chinese daily, characterized Senator Borah's statement as "short-sighted and narrow-minded." In supplying war materials to Japan for the invasion of China, the United States is indirectly helping Japan in her aggressions against China, and eventually in the destruction of American rights and interests in this country, the paper declared, then going on to predict that Senator Pittman's proposal for an embargo against Japan would be approved by Congress because American public opinion favors it.

The Shanghai *Mainichi*, local Japanese organ, declared last Sunday that government circles in Chungking dread the possibility of an amicable American response to Japanese approaches for a readjustment of relations between the United States and Japan, because such a development would have "a keen effect upon Chinese isolation in world politics." Chungking's comment that alleged Japanese attempts to conclude a commercial pact with the Soviet Union constituted a Japanese threat to the United States, revealed "frantic Chinese efforts to aggravate American feelings against Japan", the paper asserted.

A spokesman of the Foreign Office in Tokyo, the following day, said that trade between Japan and the United States would be carried on "under difficulties" should the present Treaty of Commerce and Navigation between the two countries be allowed to expire on January 26 without replacement by a new accord. Thinking elements in both countries were endeavoring to prevent such an eventuality, he said, because the difficulties would be experienced mutually by both countries.

MUST THE DESTITUTE CONTINUE TO DIE ON THE CITY'S STREETS?

ON more than one occasion in the past *The Review* has urged the authorities of the International Settlement and French Concession to establish "flop houses" where homeless denizens of Shanghai's streets can find free shelter from the bitter cold of winter (in summer the streets are probably more comfortable than any flop-house could be).

The urgent need for provision of this kind was brought home again last week-end when icy blasts from the North sent the temperature down below freezing point for the first time this winter. On Sunday, while our devout city fathers—some of them at any rate—were virtuously going through Christian exercises in the city's churches, homeless men, women and children were perishing of cold on the streets. Up to noon, the

Warm Clothes for China's Soldiers

婦女手中線，戰士身上衣。

——邊區婦女慰前線將士製寒衣——

（木刻畫） 焦星何作

新華日報

Chungking Hsin Hua Jih Pao urges Chinese women to make warm coats for China's soldiers this winter.

following morning's papers reported, the Shanghai Benevolent Society had collected 30 corpses off streets and alleyways. Scores more were taken to hospitals, suffering from frost-bite.

Is a city flophouse, financed out of municipal revenues, such a difficult thing to establish? The Shanghai Municipal Council soaks the ratepayers over and over again in order to maintain the salaries of its comfortably-paid officials at the pre-war foreign exchange level. It sanctions huge surcharges by public utility companies to whom it has granted franchises, so that stockholders abroad may suffer no loss of juicy dividends. But destitute Chinese are allowed to die on the streets of this city in which there are huge concentrations of wealth. Cheek by jowl with gilded affluence is the most bitter poverty and misery.

The very least that any self-respecting municipal administration could do would be to see that no-one perishes of cold on the streets. No more modest demand could be made. Elementary humanitarianism demands that not less—but even more—be done. And—that it be done RIGHT NOW!

Allies to Seize German Export Shipments in Retaliation Against Mine Warfare; Soviet-Finnish Break Nears

A Little Enlightenment, Please!

In a leading editorial on Monday of this week, the British-owned *North-China Daily News* accused Germany of "another departure from the canons of civilized warfare" in connection with the sinking of ships in the North Sea.

At the risk of being accused of levity where a serious subject is involved, and at the still greater peril of incurring the wrath of the self-righteous Old Lady of The Bund, we would like to ask when, where and between whom any "civilized" war has been fought during the past 1,939 years.

A decison by the Allied Powers to seize German exports on the high seas in retaliation for alleged German action in laying magnetic mines in violation of international law, vied in news prominence this week with the steady worsening of relations between Finland and Soviet Russia. Extension of the Allied blockade against Germany has aroused a storm of protest in neutral countries whose trade will be hit, while the growing Finnish-Soviet antagonism, threatening to develop into armed hostilities, is perhaps the prelude to an important extension of the European conflict.

Prime Minister Neville Chamberlain annnounced in the House of Commons on Nov. 28 that the Allied decision to seize German exports would become effective on Monday, December 4. Simultaneously, the Allied Powers published a notice to traders regarding this decision, as follows:

"The decision of the Allied Governments to take action against enemy exports means that ships outward bound from Germany, or from countries to which Germany has accesss, will now be subject to the same measures of control as inward bound ships.

"Ship-owners are advised to arrange for their ships to call at one of the British or French control bases, either at Kirkwall on the Downs, or at Dunkerque or Le Havre. If outward bound from Mediterranean and Black Sea ports, the ships should call at Malta, Haifa, Port Said or Gibraltar, or at Marseilles or at Oran.

"Vessels which do not call at one or other of these ports are liable to be diverted for examination.

'Every endeavor will be made to avoid undue delays to outward bound shipping in consequence of these measures.

"Goods which are required to be discharged in British ports on grounds that they are of enemy origin or enemy property, will be placed in the custody of the Marshal of the Prize Court. Unless the Prize Court orders them to be requisitioned for the use of His Majesty, the goods will be detained or sold under the direction of the Prize Court, if the Prize Court considers that they are in fact of enemy origin or ownership.

"Proceeds of any goods sold will be paid into the Prize Court. Proceeds of any goods detained, but not sold, will, in general, remain under the direction of the Prize Court until the conclusion of peace, when they will be dealt with as the Court thinks just."

The notice then goes on to give conditions under which the Court may decide whether the proceeds of goods sold would be paid out or that the goods should be released at any time.

These conditions, according to the notice, are:

"1. If it be shown that the goods have become neutral property before November 27, 1939; or

"2. With the consent of the Officer of the Crown."

With regard to the condition when the consent of the Crown can be obtained, the notice reads:

"Request to the proper Officer of the Crown that he should consent to the release of the goods or the proceeds of the goods of enemy origin which are neutral-owned (but not of goods which are enemy property) will be considered:

"1. If the goods were on board a vessel which cleared from her last neutral port of departure before December 11, 1939;

"2. If the contract under which the goods were ordered was entered into prior to November 27, 1939, and if, by its terms, the purchaser is obliged to take delivery on or before shipment, and provided that he has paid for them before the shipment and the goods were on board a vessel which cleared her last neutral port of departure before January 1, 1940.

"Requests in respect of goods which have been required to have been discharged should be addressed, supported by the necessary documentary evidence, to the proper Officer of the Crown in the territory concerned.

"This in the case of the United Kingdom, would be His Majesty's Procurator-General, Storey's Gate, S.W.I. Such requests should not be addressed to any other Government Department.

"Merchants who wish to ensure that their exports from European

Just Needs to be Housebroken

Countries are not delayed or detained are advised to obtain certificates of origin and interest from British or French Consular officers in the European country concerned. They should arrange for these certificates to accompany the goods on board the vessel. This will greatly facilitate the examination of the vessel at the Control bases, and ship-owners are, therefore, strongly advised not to accept cargo not accompanied by such certificates."

If it is true that Germany has been laying drifting mines with a special magnetic device which attracts them to the steel hulls of ships—and so far there has been no convincing evidence on this score—there has been a clear violation of international law which prohibits the use of drifting mines and requires belligerents to notify neutral countries of the precise location of anchored mines. Whatever may have been responsible for the numerous ship disasters in the North Sea recently —disasters in which both Allied and neutral vessels have been blown up and sent to the bottom—it was not to be expected that Britain and France would fail to treat this threat to their maritime commerce with the seriousness it warrants and institute retaliatory measures against Germany.

Indicating how serious the perils of navigation in the North Sea and around the English coast have become, the press in Copehnagen issued a warning to Danish shipping on Nov. 24 by repeating in large headlines a slogan allegedly coined in Germany: "The sea route to England leads into death." Among the more recent victims of mine explosions in the North Sea was the 14,300-ton Polish liner, the s.s. *Pilsudski,* lately taken over by the British, which was sunk last week-end, fortunately with small loss of life. Another ill-fated vessel was the Holland-America liner, the s.s. *Spaarndam,* which struck a mine in the Thames estuary last Sunday and sank. The number of lives lost, if any, has not been stated. The scene of the disaster suggests that it was a British mine that sent the ship to the bottom.

Equally if not more serious from Britain's point of view was the sinking last week-end of the British merchant cruiser *Rawalpindi,* former P. and O. liner long familiar as a caller at Shanghai and other Asiatic ports until the outbreak of the European war. Converted into a naval auxiliary and placed on patrol in the North Sea, the vessel was met by the German pocket battleship *Deutschland* and sunk after a 40-minute engagement in which another German warship allegedly took part. Only 17 men are known to have been rescued, and the probable death toll is 280 men. The six-inch guns of the armed merchantman proved no match for the 11-inch guns of the *Deutschland,* which, according to a British official communique, poured heavy shells into the victim with deadly accuracy at a range of 10,000 yards or nearly six miles.

Allied retaliatory action against Germany, announced in the decision to seize German exports, has raised protests in most of the neutral European countries and in Japan. We refer our readers to another column on the subject of Japan's protest. Here it may be noted that Japan, according to a *Domei* report from Tokyo on Nov. 25, has threatened to resort to the seizure of ships belonging to the country found responsible for the sinking of the 11,390-ton N.Y.K. liner, the *Terukuni Maru,* on Nov. 21, in the event that a demand for compensation is not entertained. The vessel was far from covered by insurance. N.Y.K. ships will not henceforth call at London, according to an announcement from Tokyo.

Protests against the intended seizure of German exports have been lodged in London and Paris by Italy, Belgium, Holland, Denmark and Sweden, whose shipping trade is now threatened with utter ruin. According to a *Domei* report from New York, the United States is likely to join these and other neutral states in protesting against the Allied decision, but only as a "matter of form," since America's sympathetic attitude toward the Allies

HYPOCRISY PAR EXCELLENCE

IT would be difficult to imagine a more brazen piece of effrontery than the action of Japan in protesting against the decision of the British and French governments to seize German exports on the high seas as a measure of retaliation against the sinking of Allied and neutral vessels by means of magnetic mines cast adrift to the peril of all shipping on the high seas.

In the protest lodged in London, Mr. Mamoru Shigemitsu, the Japanese Ambassador, declared, according to *Domei,* that British seizure of German cargoes would "overstep the limits of retaliatory measures" and was counter to previous assurances given by the British Government. The note to France, turned in by Ambassador Katsutaro Miyazaki, "strongly emphasized that such an action would be an infringement of the trading rights of Japan, a neutral nation." The French Government was asked to protect the peaceful trade of neutral countries as guaranteed by international law.

Neutral countries in Europe which are protesting the new Anglo-French blockade measure have every right to make reference to international law and to plead for respect of their rights as neutrals. But when Japan makes such references and advances the plea of neutral rights—Japan, who up to this very day is violating international law and attacking the rights of neutrals in every conceivable sphere!—her whining protests assume the character of hypocrisy carried to the ultimate extreme.

The newest Anglo-French measure against Germany undoubtedly will hit the trade of neutrals doing business with the Reich. No attempt is being made to hide that fact. It is a war measure taken by states which have proclaimed themselves at war. Japan, however, has attacked the rights of neutrals in the Far East, trampled on their interests, seized their properties, insulted and maltreated their citizens for two and half years. All this has been done without benefit of a war declaration, although the pretext and excuse of "military necessity" have invariably been advanced whenever it was found necessary to answer the well-grounded protests of the injured neutrals.

At this very moment, the British and French Concessions in Tientsin are being subjected to a Japanese blockade which is hurting, not the Chinese Government with which Japan is engaged in her "Special Undeclared War"—but neutrals in this struggle, and none but neutrals. The entire Chinese coast is blockaded by the Japanese Navy and neutral shipping prevented from entering Chinese ports. Neutral businessmen are having their cargoes stolen by piratical Japanese concerns operating under the protection of the Japanese Army. Every conceivable device is being employed by the Japanese to drive all foreign business except their own out of the China market.

Before Japan can claim her rights as a neutral and respect by others for international law, she must acknowledge the rights of neutrals in the Far East and herself learn to respect international law.

At the moment, she comes into court with decidedly dirty hands!

would cause Washington to refrain from any step that would be embarassing to those Powers. There may be some connection between this report and an announcement that Mr. Joseph P. Kennedy, American Ambassador in London, also the American envoys in Paris and Brussels, have been called to Washington to confer with President Roosevelt and will depart for America this month.

The influential *Regime Fascista,* fascist newspaper in Rome, sharply attacked the Anglo-French blockade measure in an editorial last Sunday. "Britian wants to starve out the German people, since she is powerless on land despite France's help and distinctly inferior to Germany in the air," the paper declared. "Britain is also powerless on the sea," the paper added, "despite her mighty fleet which is being driven out of the North Sea by the Germans and attacked in its own bases—the very bases which were regarded by Britain as completely safe. This is what Britain calls war for liberty, justice and humanity. The British order (to seize German exports) is the most impudent and most flagrant violation of the interests of neutrals, whose protests are being scoffed at."

Tokyo press comment was equally vigorous. Declaring that Japan would suffer a heavy blow as a result of the projected Allied action, the *Kokumin Shimbun* advocated seizure of British ships and their cargoes, found east of Suez, to compensate ton for ton for German exports in Japanese vessels confiscated by the British Navy. The paper urged Britain to resort to an effective blockade of Hamburg and Bremen instead of victimizing neutral shipping on the high seas by seizing German exports carried in non-belligerent bottoms. The *Asahi Shimbun* blamed the revised American neutrality law for the British decision to seize German exports in neutral vessels. Had the United States retained its previous total arms embargo, which would have prevented the Allies from regarding America as an Anglo-French arsenal, Germany probably would not have resorted to indiscriminate submarine and mine warfare, which Berlin now considers justified as a result of the American action, the paper contended.

In a speech proroguing Parliament on Nov. 23, King George expressed confidence that Britain and her Allies would prevail in the war against Germany. "We seek no material gain. Liberty and free institutions are our birthright which we, like our forefathers, are resolved to preserve," the British monarch declared. In a radio address the same day, Sir John Simon, Chancellor of the Exchequer, revealed that the war was already costing Britain £6,000,000 daily. This means an annual expenditure of £2,190,000,000—and the war is only three months old and not yet in its stride! When the niggardliness with which the British Government has always doled out funds for social services is remembered, the figure is all the more staggering. Britain's rulers have always pleaded the need for "economy" when it was a question of saving life by measures of social reform. For the taking of life in war the sky is the budgetary limit, and if the present generation cannot pay for its own destruction—mortgage the generations yet unborn!

On Tuesday of this week the Soviet Government denounced its seven-year-old non-aggression pact with Finland, an act believed to presage an attack on Finland by the Red army, navy and air force. Denunciation of the pact followed rejection by Finland of a Soviet demand for withdrawal of Finnish troops to a distance of 25 miles from the Soviet frontier. Finnish troops would withdraw, a note from Helsinki stated, provided Soviet troops were withdrawn an equal distance, but in no case could there be a unilateral withdrawal. Denying a Soviet allegation that Finnish artillerymen had fired shells into Soviet territory and killed several Red Army soldiers, a Finnish spokesman said that on the contrary "we have knowledge that there was firing on the Russian side."

A rabid campaign against Finland is being conducted in the Soviet press and from Soviet radio stations. The usual indignation meetings of factory workers are passing all the customary resolutions. These declare that if Finland does not give in and accept the "peaceful suggestions" of Moscow, then the Red Army will put an end to the "provocations by the Finnish military rabble." Here we have the characteristic language of Nazi Germany, transmitted through Stalin's loudspeakers.

What exactly will happen if Russia invades Finland, is a matter of considerable speculation. The Finns have prepared against such an eventuality and have the sympathy of the other Scandinavian states, although whether the latter would render Finland active military assistance is open to doubt. Nor can Nazi Germany view with equanimity that complete Soviet domination of the Baltic which vanquishment and liquidation of Finland as an independent state would imply. Yet Berlin has declared that the Soviet-Finnish trouble is the sole concern of those two countries and that Germany will not interfere—a fairly clear invitation to Stalin to go ahead. In any case, Hitler could hardly intervene, because the time has not yet arrived to interrupt his love-fest with the Kremlin dictator.

Berlin announced last week that a man named George Elser, arrested on the night of the Munich beer hall explosion which Chancellor Hitler missed by fifteen minutes on November 8, has been indentified as the perpetrator of the explosion. He was allegedly arrested while attempting to cross the Swiss frontier illegally. An official Nazi communique dated Nov. 22 stated that Elser made a full confession on November 14. Why, then, was this kept dark for eight full days? The Nazis claim to have established a connection between Elser and the British Intelligence Service through Otto Strasser, well-known German anti-Nazi who is working for the British Government. Perhaps it is true, but the Nazi tale has failed to convince a highly skeptical world which still remembers how the Nazis burned down the Reichstag in 1933 in order to prove that the Communists were incendiaries.

Sellett Aboard Clipper on Fastest Pacific Crossing

Dr. George Sellett, American attorney, who returned to Shanghai this week from a trip to the United States, was a passenger on the giant California Clipper which made the fastest recorded trip across the Pacific, arriving at Hongkong on Nov. 14. Actual flying time from San Francisco to Hongkong was 54 hours. The plane left San Francisco on Tuesday and landed in Hongkong on Thursday. One entire day was spent in Honolulu and one meridian day was dropped, hence actual crossing time was five days. Nights were spent at the various island stops—Wake, Midway, Guam and at Manila.

The fact that the California was able to break all previous flying records across the Pacific on this particular trip was largely due to the circumstance of a favorable wind. Between Guam and Manila the plane made 221 miles an hour. It flew at an average altitude of 7,000 feet.

The California Clipper is a Boeing-type 4-engined plane similar to those which Pan-American is now using on the Atlantic service between New York and Lisbon. Each engine generates 1,500 horsepower and the total weight of the plane is 410 tons. It has a capacity of 70 passengers for short hops, with sleeping berths for 35 on long overnight journeys. The crew number 10, including two stewards. Each passenger is allowed 70 pounds of baggage and in addition the plane carries considerable mail.

On this trip the California carried 22 passengers from San Francisco to Honolulu and 17 from Honolulu to Manila. Due to the stimulus which the service has given to Trans-Pacific travel, many passengers now stop over on the various islands and wait for the next plane. Pan-American now operates four planes on the trans-Pacific service, two of them being of the California type and two of a smaller type. The company alternates the large and small planes so as to permit ample time for overhauling the planes while in the terminal ports.

Where Did Moscow Get the Nazi Flags Used to Greet Ribbentrop?

DIPLOMATS and correspondents of an inquiring turn of mind have asked a very pertinent question relative to Von Ribbentrop's first trip to Moscow last August, when he signed the Nazi-Soviet trade agreement. The Moscow airport—as the Soviet news agency informed us at the time—was profusely decorated with Swastika flags. Where did they come from?—that is the question. Perhaps Moscow flag-makers had been busily engaged in making them for some time, in the expectation of a visit by Von Ribbentrop. The most plausible explanation so far advanced is that they were borrowed from the Moscow State Theater—which had used them for anti-Nazi plays.

This piquant illustration of the Moscow somersaulting which converted Stalin and his government from "lovers of democracy" into partners of Hitler has been matched by the Communist Party press in America, which in its efforts to adjust itself to the new "party line" emanating from the Kremlin has engaged in whirligigg gyrations that have left its followers and liberal sympathizers aghast. *The Nation*, liberal weekly published in New York, tells the story in its issue of October 21 in a few pungent paragraphs which show the recent evolution of the "party line" as reflected in the *Daily Worker*, New York Communist daily, and the *New Masses*, a weekly Communist organ which pretends it is independent. These paragraphs are well worth quoting. They follow:

On August 25, after the Ribbentrop visit to Moscow had already been announced, Hitler stood revealed before Mr. Magil's colleagues on the *Daily Worker* "more clearly than ever before as an imperialist aggressor and warmaker threatening the independence of Poland immediately, as well as the position and national interest of England, France, and the United States." The "thing to watch for," warned the New *Massses* on August 29, "is a situation in which the Vatican or the Oslo powers, or perhaps some other capitulator, may be persuaded to call some sort of conference which Hitler would at first ridicule and then, having been assured of concessions, come into at the end and emerge as the victor." As for the strictly non-aggression pact then in the making between Germany and the U.S.S.R., "the people of Poland," said the *Daily Worker*, "realize the firm position of the Soviet Union in uncompromising support for their freedom and independence." What is more, "as they gather their strength to resist the fascist threats and to defend their national independence, this support will be continued and further strengthened." Of course the pact would have an escape clause which would free the Soviet Union from its terms should Germany attack a third nation. This, said the authoritative *Worker*, "is a basic clause of Soviet peace policy."

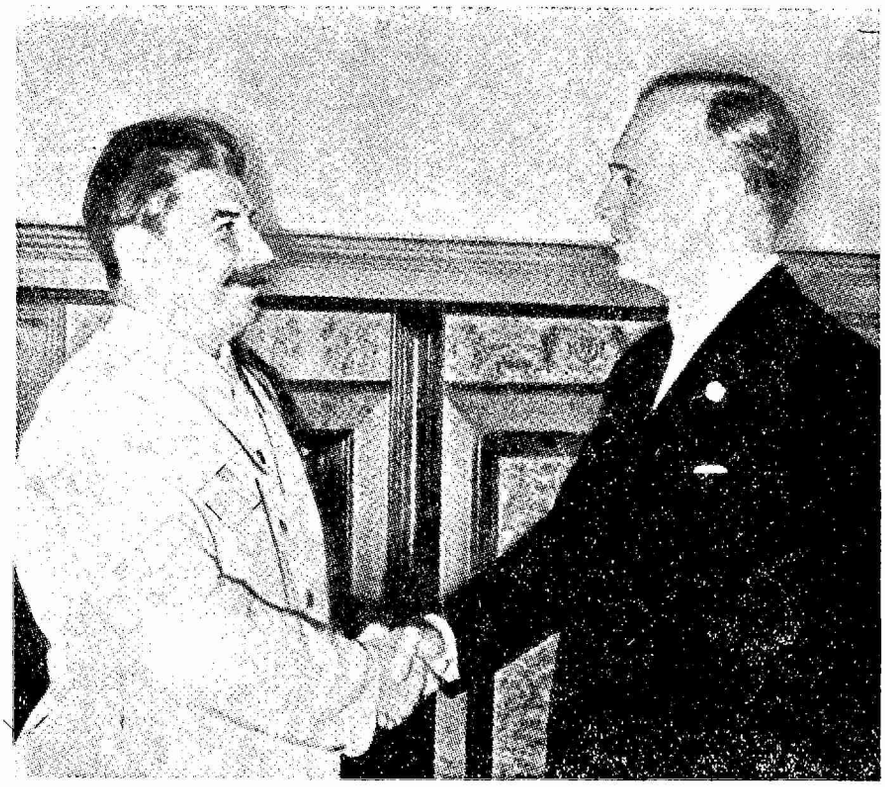
Then came the pact, to what should have been the humiliation of the *Worker*, which had previously declared: "The whispered lies to the effect that the Soviet Union will enter a treaty of understanding with Nazi Germany are nothing but poison spread by the enemies of peace and democracy." And immediately on its signature came Germany's "attack on a third nation." The pact contained no loophole to take care of German aggression, but the editors of the *New Masses* patiently explained on September 5 that "in truth it was naive to expect an escape clause."

What the Red Army did in support of Polish independence is now history, but what the American Communist press did is less familiar. First the land which Earl Browder, even two days after the German invasion, called on "all Communists to support" as the victim of uprovoked aggression became "a landlord state" and "a semi-fascist regime." The Government whose "decision to divide up the big estates on the frontier among the poor peasants" had won the praise of the *New Masses* on August 2 was pilloried as a "bankrupt dictatorship of colonels and wealthy landowners" in the issue of October 10. By the same token the democracies suddenly became the "democracies" and worse; the appeasers of London became war-mongers the minute they stopped appeasing; and capitulation to Hitler, hitherto the nadir of depravity, became, now that it was urged on the Allies by Moscow, a basis for world peace— a peace, said the *New Masses* (October 10) which would "squelch every reactionary force that comes up from the sewers of capitalist life at the smell of blood"

This kind of thing could be continued endlessly. In September Churchill's "rising influence" was a development of the British struggle against fascist aggression." By October the *New Masses* found that Churchill's rejection of peace on Hitler's terms revealed "how sinister and thoroughgoing the war against Germany will become should Churchill come to the helm." On September 1 the "isolationists were out to knife the President's peace policy" by opposing his demand to "junk the present fake 'Neutrality Act'." By October 6 the lifting of the embargo had become "an instrument for the furthering of the war aims of Wall Street finance and British imperialism," just as Coughlin, Fish, the Socialists, and the hated Trotskyists, all of whom the local Stalinists have long lumped together as tools of the "Munichеers," had been saying for months and still say.

But this is laboring a point. It is no wonder that the American comrades, observing the monstrous somersaults in *Pravdia* and *Izvestia* and eternally obliged to follow the leader, are "fumblng and confused"—so confused, in fact, that they think others are doing the fumbling.

The Handshake that Shook the World



Newsweek Photo

Mutual admiration society—Stalin and Von Ribbentrop

Hope To Boost Panay Memorial Fund Above the $500 Mark

The Panay Memorial Fund, started by a group of American World War veterans residing in Shanghai, reached a total of $450 this week as a result of the following additional contributions:

Mrs. J. C. Stritzel	$ 5.00
Mrs. Vanmeeter	5.00
Miss Mary Zung	5.00
Orphan's Friend	15.00
Total this week	$ 30.00
Previously acknowledged	420.00
Grand Total	$450.00

The group responsible for the Panay Christmas Fund was originally known as the U. S. S. Panay Memorial Association, American World War Veterans, but it later was changed to Panay Memorial Association and was opened to anyone, irrespective of whether he had served in the U. S. services in the World War. Women may also become members at present. The Panay Christmas Fund will be donated in equal measure to Miss Henderson's Orphanage in Shanghai and to Madame Chiang Kai-shek's orphanage for children of war veterans at Chungking.

Contributions intended for the fund should be addressed to "Panay Christmas Fund," care of *The China Weekly Review*, 160 Ave. Edward VII, Shanghai. Contributions will be received up to Christmas Day.

New U.S. Neutrality Act

Text of Joint Congressional Resolution

Editor's Note: Following is the text of the Neutrality Act passed recently by the United States Congress and approved by President Roosevelt on November 4. Its principal feature was the repeal of the arms embargo provided for in the previous neutrality legislation. Sponsored by Senator Key Pittman, chairman of the Senate Foreign Relations Committee, the Pittman Bill, as the proposed enactment was known, passed the House by a vote of 242 to 181 and the Senate by 63 to 30.

INTRODUCTORY

Joint Resolution to preserve the neutrality and the peace of the United States and to secure the safety of its citizens and their interests:

WHEREAS the United States, desiring to preserve its neutrality in wars between foreign states and desiring also to avoid involvement therein, voluntarily imposes upon its nationals by domestic legislation the restrictions set out in this joint resolution; and

WHEREAS by so doing the United States waives none of its own rights or privileges or those of any of its nationals under international law, and expressly reserves all the rights and privileges to which it and its nationals are entitled under the law of nations; and

WHEREAS the United States hereby expressly reserves the right to repeal, change or modify this joint resolution or any other domestic legislation in the interest of the peace, security or welfare of the United States and its people: Therefore be it

RESOLVED by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION I

(A) That whenever the President or the Congress by concurrent solution shall find that there exists a state of war between foreign states and that it is necessary to promote the security or preserve the peace of the United States or to protect the lives of citizens of the United States, the President shall issue a proclamation naming the states involved; and he shall, from time to time, by proclamation, name other states as and when they may become involved in the war.

(B) Whenever the state of war which shall have caused the President to issue any proclamation under the authority of this section shall have ceased to exist with respect to any state named in such proclamation, he shall revoke such proclamation with respect to such state.

SECTION II

(A) Whenever the President shall have issued a proclamation under the authority of Section I (A), it shall thereafter be unlawful for any American vessel to carry any passengers or any articles or materials to any state named in such proclamation.

(B) Whoever shall violate any of the provisions of Sub-Section (A) of this section, or of any regulations issued thereunder, shall upon conviction thereof be fined not more than $50,000 or imprisoned for not more than five years, or both. Should the violation be by a corporation, organization, or association, each officer or director thereof participating in the violation shall be liable to the penalty herein prescribed.

(C) Whenever the President shall have issued a proclamation under the authority of Section I (A), it shall thereafter be unlawful to export or transport, or attempt to export or transport, or cause to be exported or transported, from the United States to any state named in such proclamation, any articles or materials (except copyrighted articles or materials) until all right, title and interest therein shall have been transferred to some foreign government, agency, institution, association, partnership, corporation, or national. Issuance of a bill of lading, under which title to the articles or materials to be exported or transported passes to a foreign purchaser unconditionally upon the delivery of such articles or materials to a carrier, shall constitute a transfer of all right, title, and interest therein within the meaning of this sub-section. The shipper of such articles or materials shall be required to file with the collector of the port, from or through which they are to be exported, a declaration under oath that he has complied with the requirements of this sub-section with respect to transfer of right, title, and interest in such articles or materials, and that he will comply with such rules and regulations as shall be promulgated from time to time. Any such declaration so filed shall be a conclusive estoppel against any claim of any citizen of the United States of right, title, or interest in such articles or materials if such citizen had knowledge of the filing of such declaration; and the exportation or transportation of any articles or materials without filing the declaration required by this sub-section shall be a conclusive estoppel against any claim of any citizen of the United States of right title or interest in such articles or materials if such citizen had knowledge of such violation. No loss incurred by any such citizen (1) in connection with the sale or transfer of right, title, and interest in any such article or materials, or (2) in connection with the exportation or transportation of any such copyrighted articles or materials, shall be made the basis of any claim put forward by the Government of the United States.

(D) Insurance written by underwriters on articles or materials included in shipments which are subject to restrictions under the provisions of this joint resolution and on vessels carrying such shipments shall not be deemed an American interest therein, and no insurance policy issued on such articles or materials, or vessels, and no loss incurred thereunder or by the owners of such vessels, shall be made the basis of any claim put forward by the Government of the United States.

(E) Whenever any proclamation issued under the authority of Section I (A) shall have been revoked with respect to any state, the provisions of this section shall thereupon cease to apply with respect to such state except as to offenses committed prior to such revocation.

(F) The provisions of Sub-Section (A) of this section shall not apply to transportation by American vessels on or over lakes, rivers, and inland waters bordering on the United States, to transportation by aircraft on or over lands bordering on the United States; and the provisions of Sub-Section (C) of this section shall not apply (1) to such transportation of any articles or materials other than articles listed in a proclamation referred to in or issued under the authority of Section XII (1), or (2) to any other transportation on or over lands bordering on the United States of any articles or materials other than articles listed in a proclamation referred to in or issued under the authority of Section XII (1); and the provisions of Sub-Sections (A) and (C) of this section shall not apply to the transportation referred to in this sub-section and Sub-Sections (G) and (H) of any articles or materials listed in a proclamation referred to in or issued under the authority of Section XII (1) if the articles or materials so listed are to be used exclusively by American vessels, aircraft, or other vehicles in connection with their operation and maintenance.

(G) The provisions of Sub-Sections (A) and (C) of this section shall not apply to transportation by American vessels (other than aircraft) of mail, passengers, or any articles or materials (except articles or materials listed in a proclamation referred to in or issued under the authority of Section XII (1)) (1) to any port in the Western Hemisphere south of 35 degrees north latitude, (2) to any port in the Western Hemisphere north of 35 degrees north latitude and west of 66 degrees west longitude, (3) to any port on the Pacific or Indian Oceans, including the China Sea, the Tasman Sea, the Bay of Bengal, and the Arabian Sea, and any other dependent waters of either of such oceans, seas, or bays, or (4) to any port on the Atlantic Ocean or its dependent waters south of 30 degrees north latitude. The exceptions contained in this sub-section shall not apply to any such port which is included within a combat area as defined in Section III which applies to such vessels.

(H) The provisions of Sub-Sections (A) and (C) of this section shall not apply to transportation by aircraft of mail, passengers or any articles or materials (except articles or materials listed in a proclamation referred to in or issued under the authority of Section XII (1)) (1) to any port in the Western Hemisphere, or (2) to any port on the Pacific or Indian Oceans, including the China Sea, the Tasman Sea, the Bay of Bengal and the Arabian Sea, and any other dependent waters of either of such oceans, seas or bays. The exceptions contained in this sub-section shall not apply to any such port which is included within a combat area as defined in Section III which applies to such aircraft.

(I) Every American vessel to which the provisions of Sub-Sections (G) and (H) apply, and every neutral vessel to which the provisions of Sub-Section (L) apply shall, before departing from a port or from the jurisdiction of the United States, file with the Collector of Customs of the port of departure, or if there is no such collector at such port then with the nearest Collector of Customs, a sworn statement (1) containing a complete list of all the articles and materials carried as cargo by such vessel and the names and addresses of the consignees of all such articles and materials and (2) stating the ports at which such articles and materials are to be unloaded, and the ports of call of such vessel. All transportation referred to in Sub-Sections (F), (G), (H), and (L) of this section shall be subject to such restrictions, rules, and regulations as the

President shall prescribe; but no loss incurred in connection with any transportation except under the provisions of Sub-Sections (G), (H) and (L) of this section shall be made the basis of any claim put forward by the Government of the United States.

(J) Whenever all proclamations issued under the authority of Section I (A) shall have been revoked, the provisions of Sub-Sections (F), (G), (H), (I), and (L) of this section shall expire.

(K) The provisions of this section shall not apply to the current voyage of any American vessel which has cleared for a foreign port and has departed from a port or from the jurisdiction of the United States in advance of (1) the date of enactment of this joint resoultion, or (2) any proclamation issued after such date under the authority of Section I (A) of this joint resolution; but any such vessel shall proceed at its own risk after either of such dates, and no loss incurred in connection with any such vessel or its cargo after either of such dates shall be made the basis of any claim put forward by the Government of the United States.

(L) The provisions of Sub-Section (C) of this section shall not apply to the transportation by a neutral vessel to any port referred to in Sub-Section (G) of this section of any article or materials (except articles or materials listed in a proclamation referred to in or issued under the authority of Section XII (I)) so long as such port is not included within a combat area as defined in Section III which applies to American vessels.

SECTION III

(A) Whenever the President shall have issued a proclamation under the authority of Section I (A) and he shall thereafter find that the protection of citizens of the United States so requires, he shall, by proclamation, define combat areas, and thereafter it shall be unlawful, except under such rules and regulations as may be prescribed, for any citizen of the United States, or any American vessel to proceed into or through any such combat area. The combat areas so defined may be made to apply to surface vessels or aircraft, or both.

(B) In case of the violation of any of the provisions of this section by any American vessel, or any owner or officer thereof, such vessel, owner, or officer shall be fined not more than $50,000 or imprisoned for not more than five years, or both. Should the owner of such vessel be a corporation, organization, or association, each officer or director participating in the violation shall be liable to the penalty hereinabove prescribed. In case of the violation of this section by any citizen traveling as a passenger, such passenger may be fined not more than $10,000 or imprisoned for not more than two years, or both.

(C) The President may from time to time modify or extend any proclamation issued under the authority of this section, and when the conditions which shall have caused him to issue any such proclamation shall have ceased to exist, he shall revoke such proclamation, and the provisions of this section shall thereupon cease to apply except as to offenses committed prior to such revocation.

SECTION IV

The provisions of Section II (A) shall not prohibit the transportation by vessels under charter or other direction and control of the American Red Cross proceeding under safe conduct granted by states named in any proclamation issued under the authority of Section 1 (A) of officers and American Red Cross personnel, medical personnel and medical supplies, food, and clothing for the relief of human suffering.

SECTION V

(A) Whenever the President shall have issued a proclamation under the authority of Section I (A), it shall thereafter be unlawful for any citizen of the United States to travel on any vessel of any state named in such proclamation except in accordance with such rules and regulations as may be prescribed.

(B) Whenever any proclamation issued under the authority of Section I (A) shall have been revoked with respect to any state, the provisions of this section shall thereupon cease to apply with respect to such state except as to offenses committed prior to such revocation.

SECTION VI

Whenever the President shall have issued a proclamation under the authority of Section I (A), it shall thereafter be unlawful until such proclamation is revoked, for any American vessel engaged in commerce with any foreign state to be armed, except with small arms and ammunition therefor, which the President may deem necessary and shall publicly designate for the preservation of discipline aboard any such vessel.

SECTION VII

(A) Whenever the President shall have issued a proclamation under the authority of Section 1 (A), it shall thereafter be unalwful for any person within the United States to purchase, sell or exchange bonds, securities or other obligations of the government of any state named in such proclamation, or of any political subdivision of any such state, or of any person acting for or on behalf of the government of any such state, or political subdivision thereof, issued after the date of such proclamation, or to make any loan or extend any credit (other than necessary credits accruing in connection with the transmission of telegraph, cable, wireless and telephone services) to any such government, political subdivision, or person. The provisions of this sub-section shall also apply to the sale by any person within the United States, to any person in a state named in any such proclamation of any articles or materials listed in a proclamation referred to in or issued under the authority of Section XII (1).

(B) The provisions of this section shall not apply to a renewal or adjustment of such indebtedness as may exist on the date of such proclamation.

(C) Whoever shall knowingly violate any of the provisions of this section or of any regulations issued thereunder shall, upon conviction thereof, be fined not more than $50,000 or imprisoned for not more than five years, or both. Should the violation be by a corporation, organization or association, each officer or director thereof participating in the violation shall be liable to the penalty herein prescribed.

(D) Whenever any proclamation issued under the authority of Section I (A) shall have been revoked with respect to any state, the provisions of this section shall thereupon cease to apply with respect to such state, except as to offenses committed prior to such revocation.

SECTION VIII

(A) Whenever the President shall have issued a proclamation under the authority of Section 1 (A), it shall thereafter be unlawful for any person within the United States to solicit or receive any contribution for or on behalf of the government of any state named in such proclamation or for or on behalf of any agent or instrumentality of any such state.

(B) Nothing in this section shall be construed to prohibit the solicitation or collection of funds and contributions to be used for medical aid and assistance, or for food and clothing to relieve human suffering, when such solicitation or collection of funds and contributions is made on behalf of and for use by any person or organization which is not acting for or on behalf of any such government, but all such solicitations and collections of funds and contributions shall be in accordance with and subject to such rules and regulations as may be prescribed.

(C) Whenever any proclamation issued under the authority of Section I (A) shall have been revoked with respect to any state, the provisions of this section shall thereupon cease to apply with respect to such state, except as to offenses committed piror to such revocation.

SECTION IX

This joint resolution (except Section XII) shall not apply to any American Republic engaged in war against a non-American state or states, provided the American Republic is not cooperating with a non-American state or states in such war.

SECTION X

(A) Whenever during any war in which the United States is neutral, the President or any person thereunto authorized by him, shall have cause to believe that any vessel, domestic or foreign, whether requiring clearance or not, is about to carry out of a port or from the jurisdiction of the United States, fuel, men, arms, ammunition, implements of war, supplies, despatches, or information to any warship, tender or supply ship of a state named in a proclamation issued under the authority of Section I (A), but the evidence is not deemed sufficient to justify forbidding the departure of the vessel as provided for by Section I, Title 5, Chapter 30, of the act approved June 15, 1917 (40 Statute 217, 221; U.S.C., 1934 edition, Title 18, Section 31), and if in the President's judgment such action will serve to maintain peace between the United States and foreign states, or to protect the commercial interests of the United States and its citizens, or to promote the security or neutrality of the United States, he shall have the power, and it shall be his duty, to require the owner, master, or person in command thereof, before departing from a port or from the jurisdiction of the United States, to give a bond to the United States, with sufficient sureties, in such amount as he shall deem proper, conditioned that the vessel will not deliver the men or any fuel, supplies, despatches, information, or any part of the cargo, to any warship, tender or supply ship of a state named in a proclamation issued under the authority of Section I (A).

(B) If the President or any person thereunto authorized by him shall find that a vessel, domestic or foreign, in a port of the United States, has previously departed from a port or from the jurisdiction of the United States during such war and delivered men, fuel, supplies despatches, information, or any part of its cargo to a warship, tender, or supply ship of a state named in a proclamation issued under the authority of Section I (A), he may prohibit the departure of such vessel during the duration of the war.

(C) Whenever the President shall have issued a proclamation under Section I (A), he may, while such proclamation is in effect, require the owner, master, or person in command of any vessel, foreign or domestic, before departing from the United States, to give a bond to the United States, with sufficient sureties, in such amount as he shall deem proper, conditioned that no alien seamen who arrive on such vessel shall remain in the United States for a longer period than that permitted under the regulations, as amended

from time to time, issued pursuant to Section 33 of the Immigration Act of February 5, 1917 (United States, Title 8, Section 168). Notwithstanding the provisions of said Section 33, the President may issue such regulations with respect to the landing of such seamen as he deems necessary to insure their departure, either on such vessel or another vessel, at the expense of such owner, master, or person in command.

SECTION XI

Whenever, during any war in which the United States is neutral, the President shall find that special restrictions placed on the use of the ports and territorial waters of the United States by the submarines or armed merchant vessels of a foreign state will serve to maintain peace between the United States and foreign states, or to protect the commercial interests of the United States and its citizens, or to promote the security of the United States, and shall make proclamation thereof, it shall thereafter be unlawful for any such submarine or armed merchant vessel to enter a port or the territorial waters of the United States or to depart therefrom, except under such conditions and subject to such limitations as the President may prescribe. Whenever in his judgement the conditions which have caused him to issue his proclamation have ceased to exist, he shall revoke his proclamation, and the provisions of this section shall thereupon cease to apply except as to offenses committed prior to such revocation.

SECTION XII

(A) There is hereby established a National Munitions Control Board (hereinafter referred to as the "board"). The board shall consist of the Secretary of State, who shall be chairman and executive officer of the board, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, and the Secretary of Commerce. Except as otherwise provided in this section or by other law, the administration of this section is vested in the Secretary of State. The Secretary of State shall promulgate such rules and regulations with regard to the enforcement of this section as he may deem necessary to carry out its provisions. The board shall be convened by the chairman and shall hold at least one meeting a year.

(B) Every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war listed in a proclamation referred to in or issued under the authority of Sub-Section (1) of this section, whether as an exporter, importer, manufacturer, or dealer, shall register with the Secretary of State his name or business name, principal place of business, and places of business in the United States, and a list of the arms, ammunition and implements of war which he manufactures, imports, or exports.

(C) Every person required to register under this section shall notify the Secretary of State of any change in the arms, ammunition, or implements of war which he exports, imports, or manufactures; and upon such notification the Secretary of State shall issue to such person an amended certificate of registration free of charge which shall remain valid until the date of expiration of the original certificate. Every person required to register under the provisions of this section shall pay a registration fee of $100. Upon receipt of the required registration fee, the Secretary of State shall issue a registration certificate valid for five years which shall be renewable for further periods of five years upon the payment for each renewal of a fee of $100; but valid certificates of registration (including amended certificates) shall under the authority of Section II of the joint resolution of August 31, 1935, or Section V of the joint resolution of August 31, 1935, as amended, shall deposit (sic) payment of any additional registration fee, be considered to be valid certificates of registration issued under this sub-section and shall remain valid for the same period as if this joint resolution had not been enacted.

(D) It shall be unlawful for any person to export or attempt to export from the United States to any other state any arms, ammunition, or implements of war listed in a proclamation referred to in or issued under the authority of Sub-Section (1) of this section, or to import or attempt to import to the United States from any other state, any of the arms, ammunition, or implements of war listed in any such proclamation without first having submitted to the Secretary of State the name of the purchaser and the terms of sale and having obtained a license therefor.

(E) All persons required to register under this section shall maintain, subject to the inspection of the Secretary of State or any person or persons designated by him, such permanent records of manufacture for exportation and importation of arms, ammunition, and implements of war as the Secreatry of State shall prescribe.

(F) Licenses shall be issued by the Secretary of State to persons who have registered as herein provided for except in cases of export or import licenses where the export of arms, ammunition or implements of war would be in violation of this joint resolution or any other law of the United States, or of a treaty to which the United States is a party, in which such licenses shall not be issued; but a valid license issued under the authority of Section II of the joint resolution of August 31, 1935, or Section V of the joint resolution of August 31, 1935, as amended, shall be considered to be a valid license issued under this sub-section and shall remain valid for the same period as if this joint resolution had not been enacted.

(G) No purchase of arms, ammunition, or implements of war shall be made on behalf of the United States by any officer, executive department, or independent establishment of the Government from any person who shall have failed to register under the provisions of this joint resolution.

(H) The board shall make a report to Congress on January 3 and July 3 of each year, copies of which shall be distributed, as are other reports transmitted to Congress. Such reports shall contain such information and data collected by the board as may be considered of value in the determination of questions connected with the control of trade in arms, ammunition and implements of war, including the name of the purchaser and the terms of sale made under any such license. The board shall include in such reports a list of all persons required to register under the provisions of this joint resolution and full information concerning the license issued thereunder, including the name of the purchaser and the terms of sale made under any such license.

(I) The President is hereby authorized to proclaim, upon recommendation of the board, from time to time a list of articles which shall be considered arms, ammunition, and implements of war for the purposes of this section; but the proclamation numbered 2237 of May 1, 1937 (50 Statute 1834), defining the term "arms, ammunition and implements of war" shall, until it is revoked, have ful force and effect as if issued under the authority of this sub-section

SECTION XIII

The President may from time to time promulgate such rules and regulations, not inconsistent with law, as may be necessary and proper to carry out any of the provisions of this joint resolution; and he may exercise any power or authority conferred on him by this joint resolution through such officer or officers or agency or agencies as he shall direct.

SECTION XIV

(A) It shall be unlawful for any vessel belonging to or operating under the jurisdiction of any foreign state to use the flag of the United States thereon, or to make use of any distinctive signs or markings indicating that the same is an American vessel.

(B) Any vessel violating the provisions of Sub-Section (A) of this section shall be denied, for a period of three months, the right to enter the ports or territorial waters of the United States except in cases of *force majeure*.

SECTION XV

In every case of the violation of any of the provisions of this joint resolution, or of any rule or regulations issued pursuant thereto, where a specific penalty is not herein provided, such violation or violators, upon conviction, shall be fined not more than $10,000 or imprisoned not more than two years, or both.

SECTION XVI

For the purposes of this joint resolution

(A) The term "United States" when used in a geographical sense includes the several states and territories, the insular possessions of the United States (including the Philippine Islands), the Canal Zone, and the District of Columbia.

(B) The term "person" includes a partnership, company, association, or corporation, as well as a natural person.

(C) The term "vessel" means every description of watercraft and aircraft capable of being used as a means of transportation on, under, or over water.

(D) The term "American vessel" means any vessel documented and any aircraft registered or licensed under the laws of the United States.

(E) The term "state" shall include nation, government, and country.

(F) The term "citizen" shall include any individual owing allegiance to the United States, a partnership, company or association composed in whole or in part of citizens of the United States, and any corporation organized and existing under the laws of the United States as defined in Sub-Section (A) of this section.

SECTION XVII

If any of the provisions of this joint resolution or the application thereof to any person or circumstance is held invalid, the remainder of the joint resolution and the application of such provision to other persons or circumsatances shall not be affected thereby.

SECTION XVIII

There is hereby authorized to be appropriated from time to time out of any money in the Treasury not otherwise appropriated such amounts as may be necessary to carry out the provisions and accomplish the purposes of this joint resolution.

SECTION XIX

The joint resolution of August 31, 1935, as amended, and the joint resolution of January 8, 1937, are hereby repealed; but offenses committed and penalties, forfeitures, or liabilities incurred under either of such joint resolutions piror to the date of enactment of this joint resolution may be prosecuted and punished, and suits and proceedgins for violations of either of such joint resolutions or of any rule or regulation issued pursuant thereto may be contested and prosecuted, in the same manner and with the same effect as if scuh joint resolutions had not been repealed.

SECTION XX

This joint resolution may be cited as the Neutrality Act of 1939."

Japanese Control Vital Southwestern Highway With Capture of Nanning

CAPTURE OF NANNING CAUSES DOLLAR SLUMP

Reflecting the pessimism resulting from the Chinese loss of Nanning, with all that it may entail in the field of China's economy and trade, the Chinese dollar weakened on the Shanghai market toward the end of last week, dropping to a point at which it was being quoted at 13 to 1 against the American dollar. A slight upturn, however, was noticeable at the beginning of this week. Chinese currency in Hongkong also registered a drop. On Nov. 26 native exchange shops in the British colony quoted Chinese $100 at H.K.$32.70. The decline began on Nov. 24, when Nanning was captured, the rate slipping from H.K.$34.7 to to H.K.$34.3 per 100 Chinese dollars.

TESTIFYING to the weakness of the Chinese defense, despite more than ample time to prepare against attack, Japanese troops advancing northward through southern Kwangsi completely occupied Nanning, former provincial capital, on Nov. 24, according to Japanese claims. Chinese dispatches from Chungking denied this claim and stated that a bitter struggle was in progress for possession of the strategically-situated city. On Tuesday of this week, however, they admitted that Chinese troops had withdrawn and left the Japanese in control.

Japanese troops are now astride the vital highway running inland into China from the border of French Indo-China at Chennankwan, which, together with the French Railway from Indo-China to Kunming (Yunnan provincial capital) and the Burma-Yunnan highway was one of China's last remaining supply routes.

100 Miles in Ten Days

The speed of the Japanese advance is indicated by the fact that from the time of the Japanese landing near Pakhoi on Nov. 15 only ten days were required to reach and occupy Nanning. The distance between the point of the Japanese landing and Nanning is approximately 100 miles.

According to *Domei*, the Chinese 188th Division put up a "stubborn but hopeless" resistance against the advancing Japanese and is believed to have been almost completely wiped out. It is also claimed that heavy losses were inflicted upon the 170th Division, which rushed to assist in the defense of Nanning, the newly-organized 19th Division which fought at Yamchow, and the 175th Division which defended Hoppo and Pakhoi. Approximately 2,200 Chinese soldiers lost their lives in defending Nanning, according to a count made up to Nov. 26 by the Japanese forces, which claimed to have found that number of dead.

A Ruined City

If "well-informed quarters" in Chungking are to be believed, the Japanese, in capturing Nanning, took over an utterly ruined city, a "heap of ashes." Quoted by *United Press* on Nov. 24, these quarters said that after five days of furious air-bombings by the Japanese and Chinese incendiarism preparatory to withdrawal, in accordance with the scorched earth policy, Nanning would be a heap of charred bricks and gutted houses. Japanese bombers roared over the city from dawn to dark every day for three days prior to the occupation. Sometimes as many as a dozen squadrons attacked eight or nine times a day, causing immense loss of life and property destruction.

Chungking circles said, according to *United Press*, that China's southwest life-line will not be affected in the slightest by the fall of Nanning, since a new and shorter highway has been built to link Chungking with Langsan, in French Indo-China. This somewhat optimistic view of the situation is not shared by neutral observers, nor, of course, by the Japanese. Col. Itsuo Mabuchi, chief of the Press Bureau of the Japanese Expeditionary Forces to China, declared at Nanking on Nov. 25, according to *Domei*, that the fall of Nanning cut off the largest rear communication line of the Chungking Government and was a severe blow to the regime of Gen. Chiang Kai-shek. It would have a profound effect on the Chinese military position in the Southwest, he claimed.

Flanking Move Said Planned

A Chinese military spokesman in Chungking, according to a *United Press* message from that city on Nov. 28, said that Chinese troops were filtering through the Japanese rear lines and destroying communications preparatory to outflanking the Japanese in the Nanning area. They were allowing the Japanese to advance to the north in order to outflank them at the opportune moment, he declared. The Japanese, he added, might now build an air base at Nanning in preparation for air raids in the far interior.

The director of the Press Bureau of the Army Section of Imperial General Headquarters in Tokyo, commenting on the capture of Nanning, said that "should it be found necessary for the extermination of the anti-Japanese politcal regime in China, the Japanese Army will not spare one inch of that country." Japan's national power, he declared, was not so scanty as to become exhausted by two or three years of fighting. The success of the Japanese operations in western Kwangtung and southern Kwangsi "proved the folly" of Gen. Chiang Kai-shek's assertion that the Japanese Army no longer had the vigor to launch a campaign in China, he added.

Never A Dull Moment

New York Sun

Having made a deal with Chamberlain, the Japanese is saying "Everything Now Delightfully and Honorably Hunky Dory." The displaced manhole cover is labelled "U. S. Termination of Trade Treaty with Japan."

Campaign Has Two Aims

This Army spokesman went on to say that the objective of the Japanese advance into Kwangsi was two-fold: First, to cut off a supply route whose existence permitted Gen. Chiang to indulge in his day-dream of an eventual victory; second, "to cause serious reflection among Chinese militarists and politicians engaged in an anti-Japanese campaign." The fall of Nanning would not end the operations of the Japanese Army in South China, he declared, because the Japanese forces were determined to destroy the "blood transfusion vessel utilized in the Southwest." This latter statement

was interpreted in some quarters to mean that the Japanese intend to make strenuous efforts to sever the railway link between French Indo-China and Kunming and the Burma-Yunnan highway.

Kwangsi's "unflinching determination" to resist the Japanese invasion was voiced at Kweilin, the provincial capital, by Gen. Huang Hsu-chu, provincial chairman, who spoke at the weekly memorial meeting on Nov. 27. The Japanese invasion of Kwangsi was not unexpected, he said, for the enemy desired to sever China's communications in the Southwest and reduce her power of resistance. But their efforts in this direction would prove futile, he asserted.

Kwangsi-Chungking Friction

Wang Ching-wei's organ in Hongkong, the *South China Daily News*, declared on Nov. 25, according to *Domei*, that the Japanese capture of Nanning would serve to develop the antagonism between the Kwangsi military leaders and the Chungking Government. The Kwangsi leaders (Gens. Li Tsung-jen and Pai Chung-hsi) held Chungking responsible for the fall of Nanning because Kwangsi troops sent to the Hunan and Hupeh fronts were not permitted to return to their native province, the paper said.

According to a message from Chungking received in Hongkong on Nov. 23, the day before Nanning fell, the main forces of the Kwangsi army under Gen. Li Tsung-jen, numbering about 70,000 men, were seeking to return to their native province from the region of the upper Han River in Hupeh province, but Gen. Chiang Kai-shek turned down their request that they be sent home to defend their hearths and homes. This report, brought to Shanghai by *Domei*, said that Gen. Chiang opposed the repatriation of the Kwangsi troops because of the "divergent influences" prevailing in Kwangsi. He accordingly notified Gen. Li that the central authorities were preparing measures for the defense of Kwangsi and that it was not necessary for the Kwangsi troops to return to their far-off homeland. The Kwangsi troops, it was claimed, were highly indignant over Gen. Chiang's stand.

The hostilities in South China have caused a suspension of shipping service between Hongkong and Pakhoi, *Domei* reported from the British colony last week. Prices of pork have soared in Hongkong because of the cessation of supplies from Pakhoi and Kwangchowwan, chief transportation centers for pigs sent to Hongkong after the Japanese occupation of Hainan Island.

Puppet Troops in Action

An interesting report was carried by *Domei* from Swatow on Nov. 28, stating that part of the newly-organized "National Reconstruction Army" of Gen. Hwang Ta-wei, supporter of Wang Ching-wei's "peace movement," had taken to the field and routed troop remants of the Chungking regime northeast of Tenghai in northeastern Kwangtung. The puppet troops routed Nationalist troops all along the route of advance, it was claimed, and captured Changlin late in the afternoon of Nov. 28. They were greeted by Changlin residents who waved Japanese and Chinese flags, *Domei* said.

Japanese naval aircraft raided Sian, Shensi capital, on Nov. 25 and rained heavy bombs on the airdrome, adjoining buildings and fuel stores, causing heavy damage, *Domei* reported. The same source reported from Taiyuan, Shansi capital, that repeated Japanese bombing attacks on Yenan, center of Chinese Communist activity in the northwest, had forced Gen. Mao Tse-tung to move his headquarters to a cave at the base of a mountain two kilometers northwest of the city.

Operations in Northwest

A *Domei* report on Nov. 27, also from Taiyuan, said that Japanese troops had cut off the retreat of 30,000 Communist soldiers near the Shansi-Chahar-Hopei border. The same agency reported from Peking the same day that 15,000 Communist troops had been crushed by successful Japanese mopping-up operations against remnants of the 8th Route Army in northern Shansi.

The Army Section of Imperial General Headquarters in Tokyo, in a communique issued on Nov. 25, stated that in attacks on 522,500 Chinese troops in Central, North and South China during October, Japanese forces killed 69,397 Chinese and captured 6,894 prisoners. The ratio of Chinese and Japanese dead in the various operations was 50 to one in Central China, 60 to one in North China, and 23 to one in South China, the communique said.

Abe Sees 10-Year War

Some appreciation of the magnitude of Japan's self-imposed military task in China was displayed last Saturday by Gen. Nobuyuki Abe, the Japanese premier. Speaking at a dinner party given in his honor at Osaka, Gen. Abe said: "There are some who believe that by the disposal of the China Affair is meant the establishment of a new central government in China, collapse of the Chiang Kai-shek regime, and the withdrawal of Japanese forces from China. Such an idea is a great mistake." Chiang Kai-shek, he pointed out, has at present 240 divisions, while in addition there are approximately a million Chinese guerrillas "infesting remote places." He therefore urged the nation to be prepared to meet a situation in which it would require five or ten years to settle the China Affair completely if they took into consideration economic problems, the attitude of Third Powers, and disposal of Chiang Kai-shek's forces. He then forecasted more rigid control of Japan's economic life to meet these "difficulties."

Something's Gone Wrong

Manning in the Salt Lake Tribune

Symbolizing Japan's progress in China.

Stalin—The Great Red Father

BY WALTER G. KRIVITSKY

(Saturday Evening Post)

Editor's Note:—The following article, one of a series which has been appearing in the Saturday Evening Post, describes how Dictator Stalin has sacrificed devoted revolutionary workers and his own immediate agents in futile putsches organized in other lands. The author was formerly the chief of the Soviet Military Intelligence Service in Western Europe and is now livng in the United States where recently he testified before the Dies Committee regarding Stalin's activities in that country. A previous article by him, dealing with Stalin's counterfeiting plots, appeared in the November 4 issue of The China Weekly Review.

THE Communist Third International was born in Moscow on March 2, 1919. It received its death blow in Moscow on August 23, 1939, with the signing of the Nazi-Soviet pact by Premier Molotov and German Foreign Minister von Ribbentrop. To the world this came as a profound shock. To us who had worked with Stalin long enough to see at first hand the direction in which he was moving, nothing could have been less of a surprise.

On a May morning in 1934, I was with Volynski, the chief of the counter-espionage section of the Ogpu, in his office on the tenth floor of the Lubianka Building in Moscow. Suddenly, from the street below, we heard the sound of music and of singing men. Looking down, we saw a parade in progress. The marchers were 300 members of the Austrian Socialist Army, the *Schutzbund,* who had fought heroically on the barricades in Vienna against the Fascist Heimwehr. Soviet Russia had given refuge to this small battalion of Socialist fighters.

I shall always remember that May morning; the happy faces of the *Schutzbundlers* as they marched, singing their revolutionary song, *Brüder Zur Sonne, Zur Freiheit;* the spontaneous fellowship of Russian crowds as they joined in the parade. For a moment I almost forgot where I was. It took Volynski to bring me down to earth.

"How many spies do you suppose there are among them, Krivitsky?" he asked in the most natural tone of voice.

"Not one," I replied angrily.

"You're making a big mistake," he said." In six or seven months seventy per cent of them will be sitting in the Lubianka Prison."

Volynski was a good judge of the way in which the Stalin machine functioned. Of the 300 Austrians, not a single one remains today on Soviet territory. Many of them were arrested soon after their arrival. Others, although they knew what awaited them at home, came flocking to the Austrian embassy for their passports and returned to their native land to serve long prison sentences.

"Better behind bars in Austria," they said, "than at liberty in the Soviet Union."

The last of these refugees were shipped to the International Brigade in Spain by the Soviet government during the Spanish civil war.

Stalin was moving swiftly on the road to totalitarian despotism, and the Comintern had long since outworn its original purpose.

Founded 20 Years Ago

The Communist Third International was founded by the Russian Bolshevik Party twenty years ago, in the belief that Europe was on the eve of world revolution. Lenin, its moving spirit, was convinced that the Socialist and Labor parties of Western Europe, by supporting the "imperialist war" waged by their governments from 1914 to 1918, had forfeited the right to the support of the working masses. He believed that the traditional Labor parties and trade union federations of Germany, France, Great Britain and the United States, with their faith in representative government and in the peaceful evolution to a more equitable social order, were completely outmoded; that it was the task of the Russian Bolsheviks, armed with the glowing example of the revolution which they had made, to provide revolutionary leadership to the workers of all nations. The vision which Lenin saw was a Communist United States of Europe and ultimately a world Communist order.

Lenin was certain that the Bolsheviks, despite their first flush of victory in Russia, could not build a Communist society unless the working classes of the advanced countries came to their aid. He saw his bold experiment doomed from the start unless backward agricultural Russia was joined by at least one of the great industrial states. He put his biggest hopes in a speedy Communist revolution in Germany.

The last twenty years indicate that Lenin under-estimated the significance of existing labor organization, trade union as well as political, and overestimated the adaptability to Western Europe of Russian Bolshevism, with its battle cry of the immediate overthrow of all government, democratic as well as autocratic, and the establishment of an international Communist dictatorship.

For two decades the Communist International — the Comintern — founded, inspired and directed by the Russian Bolsheviks, sought to implant its methods and its program beyond the boundaries of the Soviet Union. It established its Communist parties everywhere, patterned them closely after the highly centralized and disciplined Bolshevik model and made them responsible and obedient to the general staff in Moscow.

Agents Sent Everywhere

It sent its agents to every corner of the earth. It planned mass insurrections and military uprisings in Europe, in the Far East and in the Western Hemisphere. And finally, when all these efforts failed, it embarked, in 1935, upon its last course of political action, the Popular Front. In this final period, with new weapons of camouflage and compromise, it made its greatest drive, penetrating into the governmental institutions and organs of public opinion in the leading democratic nations.

I was in a position, from the very beginning until 1937, to observe closely the workings of the Comintern, taking a direct political and military part in its revolutionary actions abroad for seventeen years. I was one of the executive arms of Stalin's intervention in Spain, during which the Comintern sent its armed forces into battle for the last time.

I worked with the Comintern for the first time in 1920, during the Russo-Polish war. I was then attached to the Soviet Military Intelligence for the western front, which had its headquarters in Smolensk. As the Red armies of Tukhachevsky moved toward Warsaw, it was the function of our department to operate secretly behind the Polish lines to create diversions, to sabotage the shipment of munitions, to shatter the morale of the Polish army by propaganda, and to furnish the general staff of the Red army with military and political information.

Work With Polish Reds

As there was no clear line separating our work from that of the Comintern agents in Poland, we cooperated in every possible way with the Polish Communist Party, which had recently come into existence as a part of the Comintern, and we published a revolutionary newspaper, Svit (Dawn), which we distributed among the soldiers of the Polish army.

On the day that Tukhachevsky stood before the gates of Warsaw, Dombal, a peasant deputy, declared in the Polish parliament: "I do not see in the Red army an enemy. On the contrary, I greet the Red army as the friend of the Polish people."

To us, this was an event of great importance. We printed Dombal's speech in Svit and distributed hundreds of thousands of copies throughout Poland, especially among the Polish soldiers.

Accused as a Spy

Dombal was immediately arrested and confined in the Warsaw citadel, the dreaded Polish political prison. The Soviet government finally obtained his release, after three years, by exchanging him for a number of hostage Polish aristocrats and priests. He came to Moscow, where he was acclaimed as one of the heroes of the Comintern. Lavish honors were heaped upon him and he was raised to a high Comintern position. For more than a decade, Dombal was one of the most important non-Russians in the Communist International.

In 1936 he was arrested on the charge of having been a Polish spy for sixteen years, since his speech in the Polish parliament. The Ogpu decided that Dombal's greeting to the Red army, as well as his three-year prison term, were part of a

prearranged plot of the Polish Military Intelligence. Dombal was executed.

During the Russo-Polish war, the Polish Communist Party worked hand in hand with our department, and we prepared that party to act in co-operation with the Red army. The Polish Communist Party obeyed all the commands of the advancing army of Tukhachevsky.

Organize Strikes, Sabotage

Members of the Polish Communist Party aided us in organizing sabotage, in creating diversion and in impeding the arrival of munitions from France. We organized a strike in Danzig to prevent the landing of French munitions for the Polish army. I traveled to Warsaw, Cracow, Lemberg, German and Czech Silesia and to Vienna, organizing strikes to stop arms shipments. I organized a successful strike in the Czech railroad junction of Oderberg, persuading the Czech trainmen to walk out rather than handle Skoda munitions for the Poland of Pilsudski.

"Railroad workers!" I wrote in a leaflet. "You are transporting on your line guns to slaughter your Russian working-class brothers."

At the same time the Polish Soviet government, organized in anticipation of the capture of Warsaw, was moving with Tukhachevsky's staff toward the Polish capital. Felix Dzerzhinsky, veteran Polish revolutionist and head of the Russian Cheka—the earlier name for the Ogpu—had been named by Moscow to head the Polish Communist government.

The Russo-Polish war was the one serious attempt made by Moscow to carry Bolshevism into Western Europe on the bayonets of the Red army. It failed despite all our efforts, military and political, despite the victories of the Red army, and although we had the Polish section of the Comintern working behind the lines with our political agitators and intelligence men. In the end, the exhausted Red army, which had already done more than its share, was forced to fall back. Pilsudski remained master of Poland. Lenin's hope of joining hands, through Poland, with the revolutionary workers of Germany in order to aid them to extend the revolution to the Rhine was lost.

The idea of hastening Bolshevist revolution through military invasion had been entertained earlier, in 1919, during the existence of the short-lived Hungarian and Bavarian Soviet republics. Detachments of Red Guards were only about 100 miles from Hungarian territory, but the Bolsheviks were then too weak and were fighting against the Whites for their very existence.

By the time the Treaty of Riga was signed by Russia and Poland in the beginning of 1921, the Bolsheviks, and especially Lenin himself, had realized that to bring successful revolutions to Western Europe was a serious and long-time task. There was no such hope of quick triumph on an international scale as had existed at the meetings of the first and second congresses of the Comintern, when Zinoviev, its president, proclaimed that within one year all Europe would be Communist. Even after Moscow saw that there were no immediate prospects of revolution, it launched, from 1921 to 1927, upon a series of adventures and *Putsches*.

Thousands are Sacrificed

In this series of irresponsible attempts, thousands of workers in Germany, in the Baltic and Balkan countries and in China were needlessly sacrificed. They were sent to slaughter by the Comintern on a gamble, with cooked-up schemes of military coups d'état, general strikes and rebellions, none of which had any substantial chance of success.

In the beginning of 1921, the situation in Russia was particularly threatening to the Soviet regime. Hunger, peasant uprisings, revolt by the sailors of Kronstadt and a general strike of the Leningrad workers brought the government to the very brink of disaster.

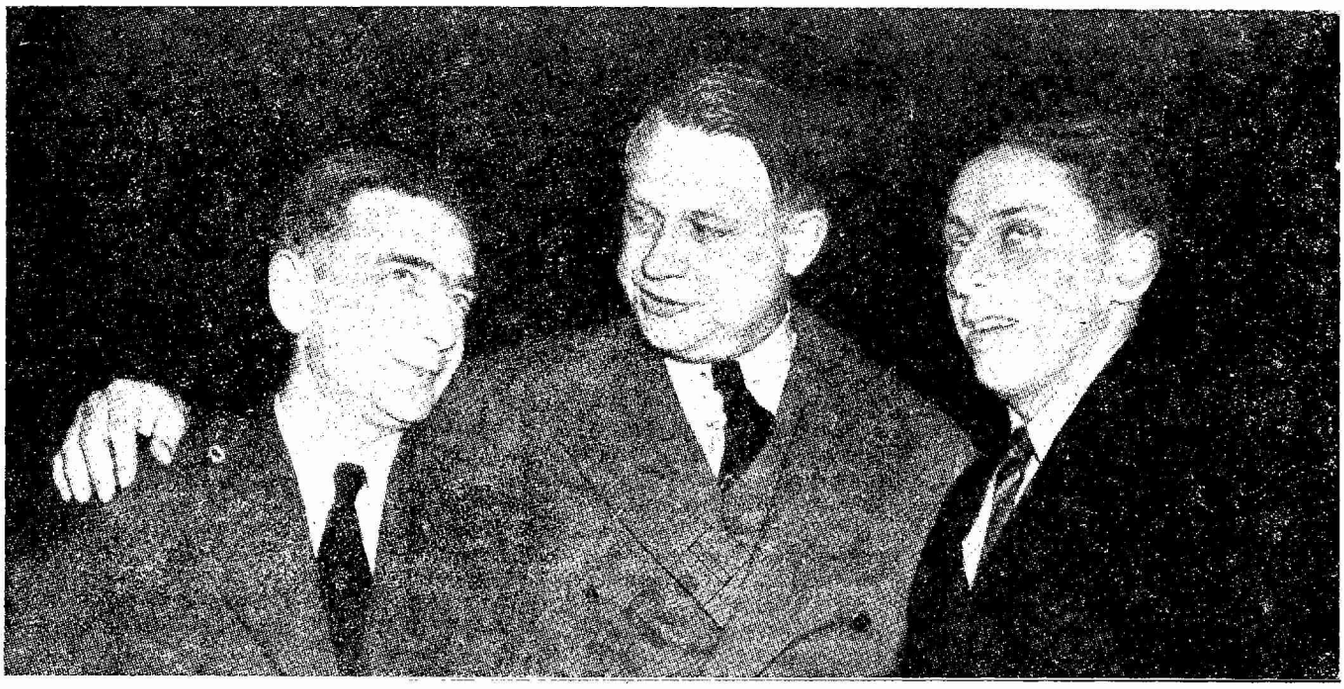
All the victories of the civil war seemed to have been in vain as the Bolsheviks groped blindly in the face of opposition from the workers, peasants and sailors who had been their chief supporters. The Comintern, caught in this desperate situation, decided that the only way of saving Bolshevism in Russia was through a revolution in Germany. Zinoviev sent his trusted lieutenant, Bela Kun, former head of the Hungarian Soviet Republic, to Berlin.

In March, 1921, Bela Kun arrived in Berlin with an order to the central committee of the German Communist Party from Zinoviev and the executive committee of the Comintern declaring: *There is a revolutionary situation in Germany. The Communist Party must seize power.*

German Party Incredulous

The central committee of the German Communist Party were incredulous. They could scarcely believe their ears. They knew they

Ex-Soviet Espionage Chief Testifies Before Dies Committee



Ex-General Walter G. Krivitsky, former chief of the Soviet Military Intelligence organization in Western Europe, lately testified before the Dies Committee investigating un-American activites regarding the machinations of Stalin's agents (many of them member of the Communist Party) in the United States. He has also written a series of articles for the Saturday Evening Post, of which the accompanying is the latest to appear, in which he has made sensational disclosures regarding the terror in the Soviet Union, Stalin's plottings in Spain and the counterfeiting activities of Stalin's government, the latter being reprinted in the Nov. 4 issue of The Review. Picture shows, left to right, Ex-General Krivitsky, Congressman Martin Dies of Texas and Boris Shub, Krivitsky's translator.

could not hope to overthrow the Berlin government. But Bela Kun's orders were clear: An immediate uprising, the abolition of the Weimar republic, and the establishment of a Communist dictatorship in Germany. The central committee of the German Communist Party obeyed the instructions of the Comintern. As loyal subordinates of the executive committee of the Communist International, headed by Zinoviev, and directed by Lenin, Trotsky, Bukharin, Radek and Stalin, the German Communist Party could not disobey.

On March twenty-second, a general strike was declared in the industrial districts of Mansfeld and Merseburg, in Central Germany. On March twenty-fourth, the Communists seized the city administration buildings at Hamburg. In Leipzig, Dresden, Chemnitz and other cities of Germany the Communists directed their attack upon courthouses, city halls, banks and police headquarters. The official German Communist newspaper, Die Rote Fahne, openly called for a revolution.

In the Mansfeld copper-mining district, Max Hoelz, the Communist Robin Hood who, the year before, had singlehandedly conducted guerrilla warfare against the Berlin government in the Vogtland area of Saxony, arrived to announce that he was in charge of operations.

At the same time a series of bombing outrages took place throughout Germany, including attempts to blow up public buildings and monuments in Berlin. In this the government recognized Hoelz's fine hand.

On March twenty-fourth, the Communist workers in the huge nitrogen plant at Leuna, armed with rifles and hand grenades, barricaded themselves within the factory.

Uprising a Failure

But the Communist effort to coordinate these localized actions broke down completely. Their loyal, trained party regulars responded to the call. They were sent to their death by the party, battalion by battalion, more ruthlessly than Ludendorff had sent his troops into battle. The great mass of workers did not respond to the call for a general strike, nor did they join in the scattered outbreaks. By early April, the uprising had been put down everywhere.

The leader of the German Communist Party, Dr. Paul Levi, who had opposed the adventure as madness from the very start, was expelled from the party for putting the blame where it belonged in no uncertain terms.

He informed Moscow that it understood nothing of conditions in Western Europe, that it had sacrificed the lives of thousands of workers upon an insane gamble. He referred to the Bolshevik leaders and emissaries of the Comintern as "scoundrels" and "cheap politicians."

Within a short time after the March uprising, the Communist Party of Germany lost half of its members.

As for Max Hoelz, the Communist firebrand who expected to seize power by dynamite, he was tried "on charges of murder, arson, highway robbery, and fifty other counts," and was sentenced to life imprisonment.

Jail Delivery Planned

I was interested in Hoelz's fate, because, for all his wild notions, he was undoubtedly an honest and bold revolutionist. To the workers of his native Vogtland he had already become a legendary figure. When I was stationed several years later in Breslau, where Hoelz was imprisoned, I established contact with one of his jailers who had become deeply attached to him. Through him, I sent Hoelz books, chocolate and food. Together we plotted to liberate Hoelz. But it was necessary for me to obtain assistance as well as authorization from the Communist Party. I communicated with Hamann, the leader of the party in Breslau, and he promised to have several reliable men for me. I then went to Berlin and conferred with the central committee of the party, which debated the issue. Some of them wanted Hoelz released through a legal maneuver, such as electing him to the Reichstag. Others believed that his escape would be the very thing to galvanize the masses, who were then very apathetic to the Communist Party.

I was granted permission to attempt the jail delivery. Upon my return to Breslau, however, the first thing that Hoelz's jailer told me was that "we have been ordered to hang a chain on his door."

The authorities had learned of our plot through none other than Hamann himself, leader of the Breslau Communists, member of the Reichstag and police stool pigeon.

Hoelz was later released by legal means. Although I had been working to effect his escape and was in constant communication with him while in Breslau I met him for the first time in 1932 in Moscow, at the apartment of Kisch, the German Communist writer. When, for the first time, he learned who I was he laughed: "Oh you are the rich American uncle who sent me good books and food."

Hero for a Day

In Moscow, Hoelz was a hero for a time. He was awarded the Order of the Red Banner, a factory in Leningrad was named after him, and he was furnished with a good apartment at the Hotel Metropole. But when the Communists capitulated to Hitler in 1933 without firing a shot, and it became clear that this was the official policy of Stalin and the Comintern, Hoelz asked for his passport. He was put off day after day, and spies were set on his trail.

Hoelz was furious. He demanded immediate permission to leave. His friends in Moscow now avoided him. The Ogpu refused to return his passport. An insignificant notice later appeared in the Pravda, announcing that he had drowned in a stream outside of Moscow. But in the Ogpu I was told that after the advent of Hitler, Hoelz had been seen coming out of the German embassy in Moscow. Max Hoelz was killed by the Ogpu because his glorious revolutionary past made him a potential leader of opposition to the Comintern.

Moscow Sobers Up

The defeat of the March uprising in Germany sobered Moscow considerably. Even Zinoviev, from his headquarters in the Comintern, toned down his proclamations and manifestoes. Europe was quite evidently not finished with capitalism. Nor was Russia itself. After the suppression of the peasant rebellions

G.P.U. Agent and His Victim

A demand that the State Department investigate a charge by Walter G. Krivitsky that M. Constantine Oumansky (left), Soviet Ambassador to Washington, was an agent of the G.P.U. or Soviet secret police, was put forward by a meeting of 4,000 trade unionists, socialists and liberals in New York City on Nov. 13, with the additional demand that Oumansky be declared persona non grata if the charge was substantiated. Krivitsky made his charge in the accompanying article, which appeared in the Saturday Evening Post. He alleged that Oumansky served the G.P.U. in the Tass News Agency and was responsible for getting all his colleagues in that organization "purged," among the victims being Vladimir Romm (right) former Tass correspondent in Washington.

and the Kronstadt revolt, Lenin made important economic concessions to peasants and businessmen. Russia settled down to a period of internal reconstruction, and the world revolution went decidedly into the background.

The Comintern was busy finding scapegoats for its defeats, cleaning out Communist central committees in various countries and appointing new leaders in their places. Factional fights within the Comintern and in the Communist parties abroad kept the machinery of the Comintern busy drawing up resolutions, counter-resolutions and expulsion orders.

Came January, 1923. I was then working in Moscow in the third section of the Intelligence Department of the Red army. Word reached us that the French were about to occupy the Ruhr to collect reparations. I was living at this time in the Hotel Lux, which was also the chief residence of the officials of the Comintern and of visitng foreign Communists.

The Hotel Lux was, and still is, in fact, the headquarters of Western Europe in Moscow. Through its lobbies pass Communist leaders from every country, as well as trade-union delegates and individual workers from every corner of the globe who have in some fashion earned a trip to the proletarian Mecca.

Snoopers at Large

Consequently, it is important for the Soviet government to keep a close watch upon the Hotel Lux, to keep its ear close to the ground in order to discover exactly what the comrades in every country are saying and doing, to know their attitude toward the Soviet government and toward the warring factions within the Bolshevik Party. For this purpose the Hotel Lux is honeycombed with Ogpu people registered as guests and residents. Among the agents who lived at the Hotel Lux and kept the Ogpu informed about the doings of foreign Communists and workers was Constantine Oumansky, the present Soviet ambassador to the United States.

I met Oumansky in 1922 for the first time. Oumansky, who was born in Bessarabia, lived in Rumania and Austria until 1922, when he came to Moscow. Because of his knowledge of foreign languages, he received a positon in Tass, the official Soviet news agency. His wife was a typist in the Comintern office.

When Oumansky's turn came to serve in the Red army, he told me that he did not wish to "waste" two years in common army barracks. Soviet life then had not yet assumed the caste character which it now bears, and his remark shocked me. Most Communists still look upon service in the Red army as a privilege. Not so Oumansky. He presented himself at the offices of the Intelligence Department with a recommendation from Foreign Commissar Chicherin and from Doletsky, Chief of the Tass, requesting that he be permitted to "serve" his two years in the army as a translator for the Fourth Department.

That very evening, while I was in the company of Firin, at that time the assistant to General Berzin, chief of the Military Intelligence Department, I met Oumansky in a Moscow restaurant. I asked him why he was dropping his job with Tass; to which he replied that he would kill two birds with one stone, keep his Tass job and serve his miltary term in the Fourth Department offices.

When I told this to Firin, he replied angrily: "You may rest assured that he will not work in the Fourth Department."

In those years, soft berths were not easily arranged, and Oumansky did not get the translator's job with the Red army. But he succeeded in staying out of uncomfortable barracks by serving as a diplomatic courier of the Foreign Office.

This was considered a substitute for military service, because all diplomatic couriers are on the staff of the Ogpu. Without giving up his Tass job, he traveled to Paris, Rome, Vienna, Tokyo and Shanghai.

Betrays his Colleagues

He served the Ogpu in the Tass News Agency, too, for here were Soviet journalists and correspondents who had dangerously close contact with the outside world. Oumansky was able to spy upon Tass reporters from every vantage point—from the Moscow office and from abroad. And at the Hotel Lux he kept his ear tuned sharply to bits of stray conversation exchanged by foreign Communists. All of Oumansky's superiors, in every department in which he has worked, have either been removed and broken or fallen before the bullets of the purge. These include his former chief in the Tass, Doletsky, as well as nearly all his colleagues there; his former chief in the Foreign Office, Maxim Litvinov; Alexander Troyanovsky, first Soviet ambassador to the United States, and Vladimir Romm, Tass correspondent in Washington and a personal friend of Oumansky. Troyanovsky and Romm were recalled to Moscow from Washington while Oumansky was working side by side with them in the United States.

Oumansky Made the Grade

Oumansky is one of the few Communists who succeeded in crossing the barbed-wire frontier that separates the old Bolshevik party from the new. During the great purge there was only one passport that did the trick, and that was, offering to Stalin and his Ogpu the required quota of victims. Constantine Oumansky made the grade.

When news reached our department of the French occupation of the Ruhr, a group of five or six officers, including myself, were ordered to prepare to leave at once for Germany. Within twenty-four hours, all arrangements were ready. Moscow again hoped that, with the repercussions following French occupation, the way would be open for a renewed Comintern drive in Germany.

Within a week I was in Berlin. My first impression was that Germany stood on the eve of cataclysmic events. Inflation had carried the mark to astronomical heights; unemployment was widespread; there were daily street fights between workers and police, as well as between workers and Nationalist fighting brigades. The French army in the Ruhr added fuel to the flames. For a moment it even looked as if exhausted and impoverished Germany might take up arms in a suicidal war against France.

The Comintern leaders followed German events cautiously. Their fingers had been badly burned in 1921, and they wanted to be certain that no blow was struck until internal chaos was complete. Our Intelligence Department, however, gave us very definite instructions. We were sent to Germany to reconnoiter, to mobilize elements of unrest in the Ruhr area and to forge the weapons for an uprising when the proper moment arrived.

New Uprising Prepared

We at once created three types of organizations in the German Communist Party—the party intelligence service working under the guidance of the Fourth Department of the Red army; military formations as the nucleus of the future German Red army; and a *Zersetzungsdienst* —small units of men whose function was to shatter the morale of the Reichswehr and the police.

At the head of the party intelligence service we named Hans Kiepenberger, the son of a Hamburg publisher. He worked tirelessly, weaving an elaborate spy net in the ranks of the army and police, in the governmental apparatus, and in every politcal party and enemy fighting organization. His agents penetrated the monarchist Stahlhelm, the Wehrwolf and the Nazi units. Working hand in hand with the *Zersetzungsdienst*, they secretly sounded out certain officers of the Reichswehr concerning the stand they would take in the event of a Communist uprising.

Another Stalin Victim

Kiepenberger served the Comintern with great loyalty and courage. During the days of 1923, his life was in danger every day. In the end he suffered the fate that befell all loyal Communists.

Elected to the Reichstag in 1927, he was a member of the Committee on Military Affairs. Regarding himself as the Comintern's representative on that body, he supplied the Soviet Military Intelligence with valuable information for many years. He remained in Germany for some months after Hitler came to power, continuing to do dangerous underground work for the Communist Party. In the fall of 1933 he fled to Russia. In 1936 he was arrested as a Nazi spy.

The Ogpu examiner pressed him for an admission that he was in the service of the German Intelligence. Kiepenberger refused to "confess." "Ask Krivitsky whether I could become a Nazi agent," he pleaded. "He knows what I did in Germany."

"Didn't you know General von Bredow, head of the Reichswehr Military Intelligence?" asked the Ogpu examiner. (Bredow was one of General Schleicher's closest friends and perished with him in the Nazi purge of 1934.)

"Of course I knew him," replied Kiepenberger. "I was a member of the Communist faction of the Reichstag and on the Military Affairs Committee." General von Bredow had frequently appeared before the Reichstag committee.

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Finally he 'Confesses'

The Ogpu had no further "incriminating" evidence against Kiepenberger, but after six months of questioning, the dauntless fighter of 1923 "confessed" that he was in the service of the German Military Intelligence. "There is a nail in my head," he kept repeating. "Give me something that will put me to sleep."

We Soviet officers organized German Communist military formations, the foundation of the German Red army that was never to be, in a very systematic fashion, dividing them into units of one hundred men—*Hundertschaft*. We prepared lists of Communists who had served during the war, cataloguing them according to their military rank. Out of these lists we expected to create the officers' corps of the German Red army.

We also organized a technical staff of experienced specialists—machine gunners, artillery officers, the nucleus of an aviation corps, and liaison personnel chosen from trained wireless and telephone operators. We set up an organization of women and trained them for hospital duty.

In the Ruhr itself, however, we were faced with an entirely different problem as a result of the French occupation. The Ruhr was the scene of one of the strangest spectacles in history. Unable to oppose French arms by force, the Germans were waging a war of passive resistance. Mines and factories shut down, with only skeleton staffs at their posts to prevent the mines from flooding and to keep factory equipment in working order. Railroads were almost at a standstill. Unemployment was universal. The Berlin government, already faced with a fantastic inflation, supported virtually the entire population of the Ruhr.

Rhineland Separatism

Meanwhile the French began to encourage the Separatist movement which desired to detach the entire Rhineland from Germany and form an independent state. Support for the Separatist cause existed in various sections of the population.

Casual observers thought that the Separatist movement was nothing but French propaganda. In fact, however, it was very serious, and if the British had not opposed it, the Rhineland would have severed itself from Germany in 1923. In many Rhenish homes I saw busts of Napoleon, the creator of the Confederation of the Rhine. Often enough I heard the inhabitants complain that their rich country was exploited by Prussia.

The Communist Party opposed the Separatist movemnt by every means at its disposal. The slogan of the Comintern was "War against Stresemann and Poincaré!" The slogan of the Nazis and their nationalist allies was "War against Pioncaré and Stresemann!" It was during these days that Schlageter, a Nazi terrorist, was executed by the French military authorities. Schlageter's death would have passed unnoticed outside the narrow circle of his comrades had not Karl Radek, the Comintern's cleverest propagandist, brought it home to the German people. "Join the Communists," cried Radek, "and you will liberate the Fatherland nationally and socially!"

Radek Negotiates

For a time negotiations went on between Radek and a number of Nazi and nationalist leaders, notably Count Reventlow. The basis for collaboration was that German Nationalism's sole chance of success was in joining hands with Bolshevik Russia against imperialist France and Great Britain. But this union was not consummated in 1923. It was not until 1939 that it finally took place, under conditions vastly different from those contemplated by Moscow when Germany was the underdog.

Meanwhile everything was prepared for a Separatist coup d'état. The leaders of the Separatist Party —Mathes, Dorten, Smith—marshaled their forces. A great demonstration the proclamation of the Rhenish Republic.

The Nationalists were combating the Separatists by individual acts of terror. The Communist Party called a counter-demonstration "against the Separatist traitors." When the two conflicting forces met at an intersection in the city, for the first time in my life I saw Communists fighting side by side with Nationalist terrorists and the German police. The Separatists were defeated, mainly because of the interference of the pro-German British cabinet.

Even while we supported German Nationalism against the French in the Rhineland and in the Ruhr with every weapon at our disposal, we decided that in the event of a Communist uprising in Germany, we would not allow ourselves to be drawn into conflict with French military forces. Our plan of strategy, as formulated by our staff officers in the Rhineland, called for the withdrawal of our party military formations into Germany — into Saxony and Thuringia—where the Communists were particularly strong at that time. We trained our units with that in mind.

Terrorist Groups Created

In preparing the stage for the Communist revolution, the German Communists created small terrorist groups, so-called T units, to demoralize the Reichswehr and the police by assassinations. The T units were composed of fiercely courageous zealots.

I recall a meeting of one of these groups on a September evening in the city of Essen, shortly before the Communist uprising. I recall how they met quietly, almost solemnly, to receive their orders. Their commander announced tersely: "Tonight we act."

Calmly they took out their revolvers, checked them for the last time, and filed out one at a time.

The following day the press reported the discovery of the body of a murdered police officer, assassin unknown. For weeks these groups struck swiftly and effectively in various parts of Germany, picking off police officers and other enemies of the Communist cause.

When peace came, these fanatics could find no place for themselves in the orderly life of the country. Many of them took part in armed holdups, for revolutionary purposes at first and then simply for purposes of brigandage. The few who found their way to Russia usually wound up in Siberia in exile.

In the meantime, the German Communist Party was awaiting instructions from the Comintern which seemed incredibly slow in coming. In September, Brandler, the leader of the German Communist Party, and several of his colleagues were summoned to Moscow for instructions. Interminable discussions took place in the Political Bureau, the supreme body of the Russian Communist Party, where the Bolshevik leaders debated what was the proper hour to launch the German revolution.

Moscow decided to do the thing thoroughly this time. It secretly dispatched its best people into Germany—Bukharin, Max Levine, who was one of the leaders of the four weeks' Bavarian Soviet dictatorship; Piatakov, Hungarian and Bulgarian Comintern agent; and Karl Radek himself. For many anxious hours the leaders of the German Communist Party cooled their heels in Moscow while the Bolshevik brain trust was formulating its final plan.

We Red-army men in Germany continued training our military forces. We held secret night maneuvers in the woods near Solingen in the Rhineland in which several thousand workers took part.

At last the word went around, "Zinoviev has set the date for the uprising."

But Moscow Changes Date

Communist Party units throughout Germany awaited their final instructions. A telegram arrived from Zinoviev to the German central committee, fixing the exact hour for action. Comintern couriers hastened to the various party centers with the command from Moscow. Guns were removed from their hiding places. With mounting tension, we awaited the zero hour. And then....

"A new telegram from 'Grisha' [Zinoviev]," said the Communist leader. "The insurection is postponed."

Again Comintern couriers sped through Germany with orders changing the date of the revolution. This state of alarm continued for several weeks. Almost every day a new telegram arrived from "Grisha." New orders, new plans, new agents from Moscow, with new instructions and new revolutionary blueprints. In the beginning of October, orders came through for the Communists to join the governments of Saxony and Thuringia in coalition with the Left Socialists. Moscow thought that these would become effective rallying centers for the Communists and that the police of these districts could be disarmed in advance of the uprising.

At last the stage was set. A categorical telegram came through from Zinoviev. Again the couriers of the Comintern sped to every party district in Germany, passing along the word. Again the Communist battalions mobilized for the attack. The hour drew near.

There could be no turning back now, we thought with relief, after

the nerve-racking delay of the past weeks. At the last moment the central committee of the German Communist Party was again hurriedly convened.

And Another Telegram

"A new telegram from Grisha," the word went about. "The insurrection is postponed again."

Again the Comintern messengers were dispatched with urgent last-minute cancellation orders to the party centers. But the courier to Hamburg arrived too late. The Hamburg Communists, with true German discipline, went into battle at the appointed hour. Hundreds of workers, armed with rifles, attacked the police station. Others occupied strategic points in the city. Communist workers in other parts of Germany were thrown into a state of panic.

"Why are we doing nothing while the workers of Hamburg are fighting?" they asked the district leaders of their party. "Why don't we come to their aid?"

The party lieutenants had no answer to give them. Only those on top knew that the workers of Hamburg were perishing because of "Grisha's" latest telegram. The Hamburg Communists held out for about three days. The great working-class masses of the city remained indifferent. Saxony and Thuringia did not come to the aid of the Communists.

Another Revolution Fizzles

In the meantime the Reichswehr under General von Seeckt entered Dresden and threw the Communist Left Socialist cabinet of Saxony out of office. The Thuringian cabinet suffered the same fate. The Communist revolution had fizzled out.

Those of us in Germany all knew that headquarters in Moscow was responsible for the fiasco. The entire strategy had been worked out by the Bolshevik leaders of the Comintern. This made it all the more urgent for them to find a scapegoat. The factional rivals of Brandler in the German Communist Party were familiar with the Comintern technique of whitewashing the mistakes of the high command, and they at once swung into action.

"Brandler and the central committee are responsible for our failure to capture power!" shouted the new "opposition" headed by Ruth Fischer, Thaelmann and Maslow.

"Entirely correct," echoed Moscow. "Brandler is an opportunist, a Social Democrat; he must go! Hail the new revolutionary leadership of Ruth Fischer, Thaelmann and Maslow!"

Covering up the Debacle

At the next world congress of the Comintern this was all dressed up in the proper ritualistic resolutions and decrees, and with Moscow's blessings the German Communist Party was turned over to its new general staff.

Brandler received an order to come to Moscow, where he was deprived of his German passport and given a Soviet office job. German matters, he was informed by Zinoview, were no longer to concern him.

All his efforts to return to Germany were unsuccessful until his friends threatened to create an international scandal by bringing the matter to the attention of the Berlin government. It was only then that he was released from Soviet Russia and expelled from the Communist Party.

Souvarine, eminent French writer, and author of the most comprehensive biography of Stalin, had the same experience. Ousted in 1924 from the leadership of the French Communist Party by order of the Comintern, he was kept prisoner by the Soviet government until his friends in Paris threatened to appeal to the French authorities.

For one branch of the Soviet government the costly experiment of 1923 was not entirely wasted. That was our Military Intelligence Service. When we saw the collapse of the Comintern's efforts, we said, "Let's save what we can of the German revolution." We took the best men developed by our party intelligence and the *Zersetzungsdienst*, and incorporated them into the Soviet Military Intelligence. Out of the ruins of the Communist revolution we built for Soviet Russia the most effective intelligence service in Germany, the envy of every other nation.

New Fields Sought

Shaken by the defeat in Germany, Moscow began looking for other fields of conquest. It was the late fall of 1924. Germany had become stabilized. The Communist International, after nearly six years, had not a single victory with which to justify its enormous squandering of money and lives. Thousands of Comintern parasites were on the Soviet pay rolls. Zinoviev's position within the Bolshevik Party was becoming wobbly. A victory somewhere, somehow, was necessary at any cost.

On Soviet Russia's western border was Esthonia, a tiny nation, then apparently in the throes of a crisis. Zinoviev and the executive committee of the Comintern decided to throw all theory to the wind. Summoning the chief of the Intelligence Department of the Red army, General Berzin, Zinoviev spoke along these lines: Esthonia is in a revolutionary crisis. We will not act as we did in Germany. We will use new methods; no strikes, no agitation. All we need are a few courageous groups under the command of a handful of Red-army officers, and in two or three days we will be masters of Esthonia.

General Berzin was a man who obeyed orders. In a few days a group of about sixty reliable Red-army officers, mainly Baltic Russians, was organized under Zhibur, one of the heroes of the civil war. They were directed to enter Esthonia by different routes—some through Finland and Latvia, others by slipping across the Soviet-Esthonian border. Awaiting them in Esthonia were scattered special Communist units totaling about 200 men. Late in November, all preparations were ready.

Yet Another Failure

On the morning of December 1, 1924, the Communists struck at specified focal points in Reval, the capital. The country remained completely calm. The workers proceeded to their factories as usual. Business moved at a normal pace and in about four hours the "revolution" had been completely crushed. About 150 Communists were shot on the spot. Hundreds of others who were not connected with the affair in any way were jailed, while the Red-army officers returned quickly to Russia by prearranged routes. Zhibur returned to his desk in the offices of the general staff and the Esthonian episode was hushed up as quickly as possible.

In Bulgaria, the Comintern enjoyed a period of prosperity while Stambuliski, the leader of the Peasant Party, was in power. Stambuliski was friendly to Moscow. On Bulgarian territory were the remnants of General Wrangel's White Army, which the Bolsheviks had driven out of the Crimea.

The Soviet government was anxious to break up this force. With Stambuliski's consent, Russia sent a group of secret agents into Bulgaria for that purpose. These agents used every method of propaganda, including the publication of a newspaper, and every means of terror, including assassination. To a considerable extent, they were successful in demoralizing this potential anti-Soviet army.

Despite the friendly relations between Stambuliski and Moscow, when, in 1923, Tsankoff executed a military revolt against the Peasant Party government, the Bulgarian Communist Party remained neutral, in the hope that, as the result of the death struggle between the army reactionaries and Stambuliski, they would gain full power for themselves.

Stambuliski was overthrown and slain. Tsankoff established a full-fledged military dictatorship. Thousands of innocent people went to the gallows and the Communist Party was driven underground.

The Bulgarian Putsch

Two years passed, and the Comintern believed the time appropriate for a Communist *putsch* against the Tsankoff government. A conspiracy was organized by the leaders of the Bulgarian Communist Party in Moscow with the assistance of Red-army officers. One of these Bulgarian leaders was George Dimitrov. The Communists learned that on April 16, 1925, all the ranking members of the Bulgarian government would attend services in the Sveta Nedelia Cathedral in Sofia. This was during the funeral of General Gheorghiev, who had been murdered the previous day. They decided to use the occasion for their uprising. By order of the central committee of the Bulgarian Communist Party, a bomb was exploded in the cathedral during the religious services. About one hundred and fifty persons were killed. Premier Tsankoff and the important members of his government survived. All the direct participants in the bombing were executed.

Dimitrov himself continued to work for the Comintern in Moscow. He became its representative in Germany. Late in 1932, he was ordered back to Moscow, and informed Comintern circles said that his career was at an end. Before he could return he was arrested in connection with the historical Reichstag fire. His bold and clever behavior before the Nazi court, where he succeeded in fixing the guilt on the Nazis themselves, made him the Communist hero of the day.

It is one of those inimitable Comintern ironies that Dimitrov, one of those responsible for the Sofia

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Jewish Refugee Committee Declared Infringing on Chinese Sovereignty

BY A. JOVISHOFF *(Barrister-at-Law)*

THE "Committee for the Assistance of European Jewish Refugees in Shanghai" some time ago established an "Arbitration Court" at 66, Alcock Rd. in the city's eastern district. The reasons officially given were that "cumbersome and costly" litigation in "Courts of the State" which, moreover, in many cases was deemed "detrimental to prestige," should be avoided. The fact that in this way the refugees would be given an opportunity to plead their cause in their own language was considered an added advantage. A list of umpires and arbitrators, all of whom are old residents and well-known businessmen, has been published. Only one of these gentlemen is a lawyer, namely the Committee's legal adviser. As the original list was later retracted and no new one has yet been published, it is not known whether there have been any changes in this respect.

Chinese Court Investigates

The new institution is at present being investigated by the Chinese Court and the (Chinese) Shanghai Bar Association. It appears that Mr. Tsai, a prominent Chinese attorney, accidentally discovered the new "Tribunal" when taking a stroll along Alcock Rd. He wrote a letter to the Bar Association, drawing atteniton to the matter and indicating that, in his opinion, there was a definite infringement of Chinese Law and Chinese sovereign rights.

Mr. Tsai's letter was published in the Chinese press and in part translated in some foreign papers. On the following day, the *China Press* published a letter by two foreign lawyers stating that they were likewise opposed to the new institution. The letter revealed that 18 refugee lawyers had drafted an *aide memoire* exposing the shortcomings of the "Arbitration Court" and that this document had been forwarded to the Committee about a week before the matter was taken up by the papers. The Committee, however, had so far shown a singular unwillingness to negotiate.

Committee's Viewpoint

The Committee's point of view, as exposed by its legal adviser, may be briefly stated to be:

(1) That there is no infringement of Chinese sovereign and administrative rights nor of the Civil and Criminal Codes;
(2) that the "Board of Arbitration" is not a judicial tribunal, does not arrogate to itself judicial rights and that its creation is merely an emergency measure;
(3) that the umpires and arbitrators are fit to fill the positions for which they were chosen;
(4) that the Committee does not apply compulsion in order to force refugees to submit to arbitration;
(5) that the exclusion of lawyers in cases where the object of litigation amounts to less than $500 serves the interests of the refugee community.

Viewpoint of Opposition

The stand taken by some members of the opposition is:

(1) That exception is taken to all the above statements which are considered incorrect and misleading;
(2) that there is no quarrel with the principle of arbitration and that orderly, voluntary and lawful arbitration should be encouraged;
(3) that all guarantees of orderly procedure have been removed by the present "Regulations" governing the "Arbitration Court;"
(4) that the refugees are entitled to proper legal protection by qualified experts;
(5) that the "Regulations" in question abound in omissions and grave errors of judgment;
(6) that after immediate dissolution the present illegal organization a real, i.e. voluntary, board of arbitration should be formed, based upon the principle of self-government and cooperating with the Shanghai Bar Association and the competent Chinese authorities.

Duress Said Applied

From the viewpoint of the opposition, the fundamental fact is that the Committee, in spite of their denials, have been applying duress in order to enforce submission to their "Court." The second paragraph of Art. 1 of the "Regulations" in their German version says literally: "Non-observance of this principle (submission to arbitration) results in the (individual) concerned forfeiting all privileges, grants-in-aid and subsidies on the part of the Committee which, moreover, may also bring to application against him further appropriate punitive measures."

It is true that regarding this point there is some deviation between the English and German versions, the former merely threatening unspecified "sanctions." Yet there can be no denying the fact that only the German version has been published in the press, whereas the "authentic" English "original" has been withheld. It is difficult to see how, in the face of this evidence, the Committee's legal adviser can seriously advance the claim that no duress has ever been applied.

Committee's Whip-hand

At present there are about 8,000 refugees in camps under the Committee's care. The fact that the latter have means of bringing pressure to bear upon these people needs no further elucidation. As regards the refugees living outside of the camps, the Committee also have ways and means of enforcing what they consider right. Practically all the refugees stand in need of "identification cards" issued by one of the organizations affiliated with the Committee. These cards are considered valid by the local police. If a refugee wishes his relatives abroad to join him in Shanghai, he has to apply to the S.M.C. for permission, such application also to be made through one of the Committee's offices. Finally if a refugee wishes to approach the German Consulate-General or, in certain cases, the S.M.C., he must likewise do so through one of the aforementioned organizations.

It is definitely only for the State and not for a private organization to apply compulsion and "punitive measures." According to the present "Regulations" the decision rendered by the Arbitration Court may be published (Art. 4). The umpire may also direct the parties "to deposit with the Arbitration Court the object of the dispute." In that case, "the Court may immediately deliver the said object to the winning party... in execution of the award rendered." (Art. 11).

To publish and to execute legal decisions are definite prerogatives of the State. As, moreover, the "Arbitration Court" is based upon the principle of claiming compulsory and exclusive jurisdiction in all civil disputes between refugees, this constitutes an infringement of Chinese sovereign rights and is bound to lead to ill-feeling between the Chinese authorities and the Committee, a state of affairs which cannot be in the interest of the Committee's charges. While there is every justification for reasonable and lawful arbitration under the supervision of the proper authorities, there is every objection to the creation of an artificial extraterritoriality.

Self-Government Unrecognized

On account of limitations of space the other points cannot be discussed in full. It is surprising to note that the new organization does not even recognize the principle of self-government which is the fundamental principle of arbitration. Not one of the umpires and arbitrators mentioned on the only list published is a refugee. Most of them are not known personally to the refugees. They are taipans and businessmen in comfortable circumstances, and while affluence in itself can hardly be deemed objectionable, it does not necessarily constitute a judicial qualification either. These men, however well-intentioned, can scarcely be in a position to understand the needs of refugees for whom even the loss of a few dollars may be a very serious matter.

By the partial, but very effective, exclusion of lawyers for which there is no justification at all, important guarantees of orderly procedure have been removed. Lawyers are not an evil against which the community must be protected. On the contrary, their function is to protect the community's interests. There is a definite need for maintaining—not for destroying—the existing facilities for obtaining expert advice from experienced and independent men. It is for the experts and not for outsiders to decide whether or not a claim should be settled in or out of

Court. The idea obviously underlying these restrictions, namely that the lawyer may, regardless of the interests of his client, try to bring about a suit in any case, is utterly alien to attorneys familiar with the traditional professional code.

Lawyers Not Wanted

Another peculiar feature of the Committee's "Arbitration Court" is that, with the single exception of the Committee's legal adviser, no lawyer is to serve as umpire or arbitrator. Apparently lawyers are unwanted in this "tribunal."

The extent to which the guarantees of orderly procedure have been arbitrarily set aside may be gauged from the fact that one of the dissenting attorneys, a former notary public with a long and honorable career, has already been informally "disbarred" by order of the Committee's legal adviser. No reasons were given. Whoever displeases those in power apparently is not fit to be an attorney.

Jurisprudence is, among other things, a very definite technique. In this respect the "Regulations" also offer aspects unique in the annals of Law. When the regulations were published no date of "promulgation" and no signature by a responsible official was attached. The new "Court" also claims competence in all civil suits. A divorce, for instance, also comes under this heading, and according to the wording of the "Regulations" a refugee not submitting his divorce case must expect "punitive measures." The "Arbitration Court" did not intend actually to handle divorce cases, but these good intentions must be clearly expressed in the regulations governing such procedure. It is not sufficient to presume that "it can't happen here."

These are only a few of the more glaring inconsistencies of the "Regulations." Another unique feature of the affair is that the institution was created by a single man, i.e. the Committee's legal adviser, who apparently did not consider it necessary to ask for the advice and cooperation of his colleagues. The results obtained do not confirm this belief, however.

Successor to Murdered Judge Due Here Soon

Judge Chen Mu-hsien, newly-appointed president of the Criminal Branch of the Second Kiangsu High Court, is due to arrive in Shanghai shortly to assume duty, the *Sin Wan Pao* reports. He succeeds Judge Yueh Hwa, 56-year-old incumbent of the post, who was shot dead by a Chinese gunman on Route Say Zoong, in the French Concession, on Nov. 23.

The ill-fated judge, believed to have been the victim of revenge, left his home at 202 Route Say Zoong at about 9 a.m. and was riding along that thoroughfare in his private ricsha, bound for the court on Weihaiwei Road in the International Settlement, when, according to the ricsha puller, a lone gunman approached and shot his intended victim through the neck and shoulder, thereafter escaping. Judge Yueh Hwa was pronounced dead on arrival at the Ste. Marie Hospital.

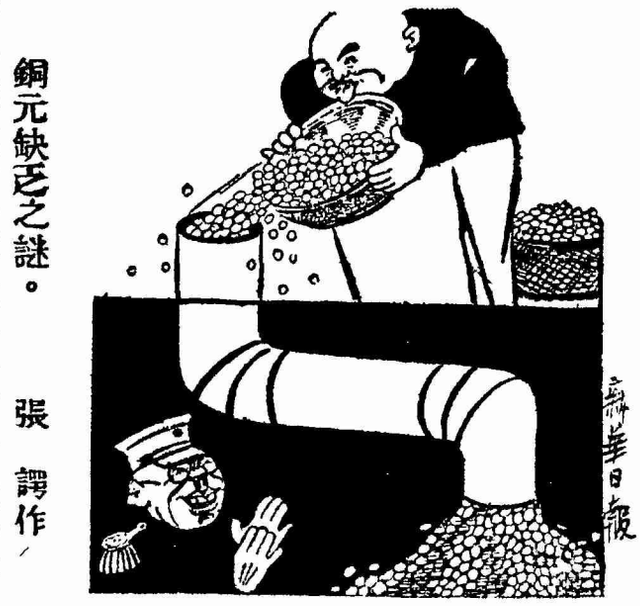
Smuggling of Copper Coins is Prohibited

The Ministry of Finance in Chungking has issued a circular order to the various provincial governments, instructing them to adopt precautionary measures for the prevention of the smuggling of old copper coins (of the nominal value of one-third of one dollar cent each) to foreign countries by unscrupulous profiteers.

Simultaneously, in a separate order, the Ministry authorized the provincial authorities to raise the exchange rate for these copper coins from 300 coppers per dollar to 200 coppers per dollar.

The old copper coins, and also the copper one-cent pieces, long ago disappeared from the Shanghai market and are now rarely seen. Their disappearance was due to the activity of Japanese agents in buying them up at a premium and shipping them to Japan, where they were used for manufacturing munitions. Five, ten and twenty-cent nickel coins are almost as scarce, due to the same reason. The number of one and five-cent notes so far placed in circulation by the Central Bank of China is far from sufficient to meet the local need for subsidiary currency.

Coin Shortage Explained



Unpatriotic merchants sell copper coins to Japanese invaders—*Hsin Hua Jih Pao.*

Nazi Consul Attacks Fritz Kuhn, Bund Leader

A mild sensation was caused in the United States at the end of last week when Captain Fritz Wiedmann, German Consul-General in San Francisco and former aide-de-camp to Chancellor Adolf Hitler, publicly denounced Fritz Kuhn of the Nazi German-American Bund, who is on trial for embezzling the funds of his organization.

Captain Wiedmann objected to Kuhn's "loud methods" of propagating Nazi doctrines in the United States. "You well know," he said, "that none of us likes the Bund. From the bottom of our hearts we wish that the United States will remain out of the present war."

Five of the ten embezzlement charges brought against Fritz Kuhn, who is indicted for grand larceny, were dismissed by Judge Wallace on Nov. 24. The Bund fuehrer now stands charged with the embezzlement of only $1,217. His prosecutor is District Attorney Thomas Dewey. Kuhn has been an object of ridicule as "Don Juan" Kuhn since Dewey brought evidence to show that the Bund leader had spent large sums on "Miss America, 1928," with whom he allegedly was engaged in an amorous affair at the expense of the Bund treasury.

Murray Guggenheim Dies At Ripe Age of 81

Murray Guggenheim, noted American philanthropist, died recently in New York at the age of 81. He was born in Philadelphia in 1858 and became well-known in the mining industry of the United States, particularly copper and silver. He was a member of the firm of Guggenheim Brothers, formed in 1881, and in 1901 assisted in the formation of American Smelting and Refining Company. Aside from his directorships in numerous industrial and mining companies, he was widely known for his philanthropies. He was the organizer of the Guggenheim Foundation which financed research work in various parts of the world, including China. He also offered a prize for development of safety devices in airplane construction. He was the supporter of the Guggenheim Dental Clinic and other local charitable and research institutions in New York.

Chilean Aviators to be Instructed by U. S. Fliers

The new administration in Chile known as the Popular Front Government, has made an arrangement for a United States Army air mission to instruct Chilean fliers, according to *United Press* message from Santiago on Nov. 11. The American aviation mission will include officers of the rank of major, captain and lieutenant. It will be the second aviation mission from the United States to South America, the first having gone to Argentine two years ago. Seven United States Army bombers, which made a goodwill flight to Rio de Janeiro to commemorate the 50th anniversary celebration of the founding of Brazil, returned to Miami, Florida on Nov. 11. The ships carried 57 officers and men.

Chinese Government Not to be Reorganized; Chiang Orders Cabinet Ministers to Remain at Posts

DESPITE rumors to the contrary, no important changes in the composition of the Chinese Government are likely for the time being. On Monday of this week Gen. Chiang Kai-shek ordered all Cabinet Ministers to continue in their posts. They resigned last week *en bloc*, in accordance with the customary procedure, when Dr. H. H. Kung resigned from the presidency of the Executive Yuan and turned over this key government post to the Generalissimo. Rumored reorganization of the government gave rise to considerable speculation as to the personnel of the new cabinet. It was persistently reported that Dr. H. H. Kung would also relinquish his finance portfolio and would be succeeded by his brother-in-law, T. V. Soong. This report, which gained wide circulation in Shanghai, was responsible for a rise of government bonds market.

Three New Ministries

Official quarters in Chungking express the view that Gen. Chiang intends to maintain the present personnel of the Cabinet unchanged, in addition to creating three new ministries. The proposed Ministry of Foreign Trade, it is said, will be one of the most important, controlling all foreign trade and aiding China to strengthen her financial position. T. V. Soong is mentioned as the most probable head of the ministry. The two other ministries are the Ministry of Forestry and Irrigation and the Ministry of Social Welfare.

Japanese propagandists were quick to exploit the rumors of Chinese government reorganization by unloosing a flock of tendentious reports. They asserted that in the spite of the Chinese explanation that the planned reshuffle was designed to enhance administrative efficiency, the underlying cause of the move was the strong pressure applied by Chinese Communists, who demanded a thorough and drastic reform of the government.

They further alleged that the proposed changes would affect many government departments, including the Ministries of Finance, War, Interior, and Economic Affairs and, therefore, Dr. H. H. Kung, Gen. Ho Ying-ching, Mr. Chou Chung-yueh and Dr. Oong Wen-hao would all be replaced. Mr. Chou Chung-yueh was said to have already resigned his interior portfolio because of the alleged growingly strained relations between Chungking and Gen. Lung Yun of Yunnan, while the Communists assertedly insisted on the allotment of the war ministry to a Red general.

Favor Inclusion of Reds

The enlistment of a number of Communist leaders in the Executive Yuan was said to be favored by Gens. Chiang Kai-shek, Chen Cheng and Feng Yu-hsiang in order to maintain the United Front, but this proposal was strongly opposed by Kuomintang Elders and Kuomintang generals. Consequently, important conferences were stated to have been going on during the last week in Chungking among government leaders in order to reach a decision on this and other vital issues.

Chungking leaders were said to favor the reduction of the size of provinces in order to reduce the influence of regional military chieftains. It was planned that Szechwan be divided into three provinces, Yunnan into two. But the Japanese claimed that the reduction program could not materialize in Yunnan because of opposition from Gen. Lung Yun.

In foreign relations, it was claimed that Chungking was wavering between a pro-American and a pro-Soviet policy. The pro-American sentiment, however, was said to be predominant, and Chungking had decided to send a goodwill mission to the United States to be headed by T. V. Soong with the dual purpose of negotiating a new loan of $350,000,000 and asking American intervention in the Far East.

With the rise of Communist influence in Chungking, Japanese reports alleged, anti-Communist sentiment was mounting among various provincial military leaders in North and South China. Under the leadership of Gen. Yen Hsi-shan, an Anti-Communist League was said to have been formed in the North, while Gen. Hsueh Yueh, chief in command of the Government troops in Hunan, led the movement in the South. Yu Yu-jen, president of the Control Yuan, was described as the anti-Communist leader among Kuomintang officials in Chungking.

Light on Wang-Tokyo Relations

Whether or not a hitch has occurred in the Japanese-Wang Ching-wei plans for the establishment of a new puppet Chinese central government can not be definitely ascertained, but recent statements from Tokyo and by Wang Ching-wei throw some light on their present relations.

Considerable speculation has been aroused by Wang's latest stand in demanding from Japan "honorable and concrete peace terms" as revealed in his first interview with a German correspondent. Wang contended that China cannot bring her conflict with Japan to a victorious end by military means, while Japan cannot become the uncontested victor in China. Therefore, he argued, both countries have to make sacrifices for mutual understanding and peace.

Wang made no secret of the fact that the inauguration of his proposed new political set-up is beset with difficulties. He said, "The inauguration date can not be determined yet, as the discussion of honorable and concrete peace terms, acceptable to both China and Japan, will take some time even if present negotiations should develop smoothly."

Stop Japanese Rumors!

Hsin Hua Jih Pao

Chinese cartoonist urges people to unite and resist invaders. The Japanese officer is shown broadcasting rumors of "peace moves."

"Liberty and Independence"

Regarding the policy of the new regime, Wang indicated that "the liberty and independence of China must not be impaired. The basis of pending negotiations between himself and the Japanese is found in my statement issued at Hanoi and in the declaration of Prince Konoye in December, 1938."

Wang claimed that he was in contact with Chungking until July 9. "After my broadcast regarding Sino-Japanese relations on July 9," he said, "all connections between Chiang Kai-shek and myself have been severed although they had existed beyond the day of the Hanoi outrage" (when an unsuccessful attempt on his life was made).

Expressing the hope that "the Chungking government will join my peace movement," Wang warned that should Chungking continue to refuse to talk peace, the withdrawal of Japanese troops could be effected only regionally "as arranged last August with the Japanese supreme commander in South China." Wang added that the proposed government would be formed "as the National Government under the old Kuomintang flag, with capital at Nanking," which will deny rights to the Government which

has fled to Chungking and which will claim for itself the title of sole national all-Chinese government. He further stated that the new government will owe its existence to a Central Political Council, whose composition will be decided at the next meeting in Tsingtao.

Wang placed great emphasis on the relations between his projected regime and foreign powers and said he would welcome third-power recognition. Specifically, he mentioned his personal friendship with Germany, adding that he would strive to maintain friendly relations with other foreign countries including Soviet Russia.

Finally Wang stressed the fact that he was fully aware of the difficulties in the realization of his extensive program, but said that he hoped to overcome them by close cooperation with Japan and to build a free and independent China.

Criticism of Abe

Meanwhile, the *Chung Hua Jih Pao*, Wang's organ in Shanghai, openly criticized the statement made by the Japanese premier, Gen. N. Abe, in connection with the question of establishment of a new Chinese government. Gen. Abe declared that Japanese recognition of a new central government in China would be forthcoming as soon as possible, but "will certainly depend upon the kind of government to be organized." The paper summarized the Abe statement as containing four important points.

1. That the new central government of China would take steps to "induce" the leaders of the Chungking regime to join the proposed administration;
2. That Japanese morally shall hold the leadership of East Asia.
3. That Japan expects North China and Inner Mongolia to be connected with her closer than other parts of China in consideration of political and economic factors especially in the anti-Comintern field.
4. That the stationing of Japanese troops in China is included in the general problem of anti-Comintern.

Wang's Organ Replies

Answering the first point, the *Chung Hua Jih Pao* asserted that whether the new central government may induce members of the Chungking government to join it entirely depends on the soundness of the new administration. In forming the new government, the journal stated, China's relations with Japan must be independent and self-determining.

Continuing, the journal said: "The central government cannot be reorganized by Japan, nor can the Chiang government be overthrown by Japan. To abandon the Chiang regime and re-develop the central government under the Kuomintang are matters concerning the Chinese and only Chinese may with determination and energy deal with the matter at their own initiative. What we hope from Japan is that Japan will respect Chinese determination and efforts, and help the Chinese in what they want to attain rather than direct the Chinese in how to do it. Only through a central government formed with the determination and efforts of the Chinese and by the determination and energy of the Chinese may peace be effected as a whole and automatically solve the problem of the Chungking government.

Foreign Correspondents Visit Hunan Front

Photos by Thomas Kwang

Shepherded by Mr. Hollington K. Tong, Vice-Minister of Publicity, a party of five foreign correspondents representing four news agencies and one metropolitan daily, recently visited the Hunan front following the resounding defeat which Chinese troops administered to the Japanese Army. Picture at top shows, left to right (front row) Roger Pierard of the Havas news agency, James L. Stewart of the Associated Press, Gen. Pai Chung-hsi, director of the Generalissimo's Provisional Headquarters for the Southwest, F. Tillman Durdin of the New York Times, Mr. Hollington K. Tong and (rear) Fabian Chow, former Shanghai newspaperman, M. F. Yakshamin of the Tass (Soviet) news agency, and Robert P. Martin of United Press. In the center picture, the newsmen are seen travelling to the front lines on foot and in sedan chairs, while below, in Hengyang, Hunan, Gen. Chen Cheng is seen explaining the recent victory to the correspondents with the aid of military maps.

Commenting on the second point, the paper said whether Japan may establish and maintain the leadership in Asia depends on whether or not she can cooperate with China. China is willing to readjust the international situation in East Asia, the journal further remarked, but is not willing to fall into the degeneration of alliances and through such cooperation aggravate the international conflict in East Asia.

As to the third point, the *Chung Hua Jih Pao* stressed that in Wang Ching-wei's telegram of Dec. 29 last year, he said that the stationing of Japanese troops during the period of the Anti-Comintern Pact should be limited to the areas bordering Inner Mongolia and North China. These areas are to have a special status during a certain period, but this special status should not be prejudicial to China's sovereign rights, the paper quoted Wang as having emphasized.

China to be "Intact"

The journal maintained that "in the matter of sovereign rights, China should remain intact, unified and independent..... Chinese economic rights should also be intact and independent—even in areas bordering Inner Mongolia and North China."

On the last point, the Wang organ emphasized that the purpose of the stationing of Japanese troops in China being to prevent the spread of communism, the period of the garrisoning should be limited to the duration of the Anti-Communist Pact and their presence limited at most to areas bordering Inner Mongolia and North China. For other areas, there is only the question of the withdrawal of Japanese troops.

Army Spokesman Talks

While reticent on most of the comments, the Japanese army spokesman in Shanghai took exception to the *Chung Hua Jih Pao's* remark that the Chinese National Government could be overthrown only by Chinese forces. This statement was declared to be only "Mr. Wang's personal opinion." The spokesman said that the Japanese Government, because of its superior forces in Central China, could have established a government here long before this, but because it had implicit faith in Wang's sincerity and power to establish a government of its own, it had desisted from hurrying him. Further, the spokesman remarked that the new government during its youth would have to depend on Japanese armed forces.

Official circles in Chungking remain silent on Wang's new stand in regard to the Japanese, but there is considerable speculation as to the motive behind it. One of the prevailing views suggests that the *Chung Hua Jih Pao* article was written at the suggestion of Tokyo "in order to strengthen their stand against excessive demands by the Japanese army." Other quarters say that Wang Ching-wei may have published the article for internal consumption "in an attempt to create a favorable impression among the Chinese people." The opinion is also expressed that there is always the possibility that Wang Ching-wei is becoming fed-up with excessive Japanese demands, which would make it very difficult for him to establish a regime with any chance of it being accepted by the Chinese public."

Madame Sun Attacked

A heated controversy developed between Madame Sun Yat-sen and Wang Ching-wei as a result of Madame Sun's article in the *Fookien Times* of Manila, charging Wang with distorting and defacing Dr. Sun's teachings. Madame Sun cited a historical incident by which she tried to show that Wang even in his early days was more interested in money than in revolution and its ideals.

This remark by Madame Sun apparently aroused the ire of Wang. His journal, the *Chung Hua Jih Pao*, unloosed an indignant blast against her and Madame Chiang. Branding Madame Sun as the "No. I puppet" of Chinese Communists, the journal vehemently denied her charge that Wang is distorting the teachings of Dr. Sun Yat-sen. Instead, the paper asserted, Wang is closely following the teachings of the "Father of the Chinese Revolution," and working for the peace and unification of the country.

The *Chung Hua Jih Pao* charged Madame Sun with plotting the Communist uprising in Nanchang, torpedoing the Revolution and splitting the Kuomintang. She was further said to be working with the Communists, totally disregarding the safety of the nation, and with sabotaging the national strength first by inciting peasant uprisings and later by fomenting war with a foreign power.

Madame Chiang, too

Madame Chiang Kai-shek also came in for her share of the condemnation. During the Sian Coup, the *Chung Hua Jih Pao* wrote, at the instigation of her sister (Madame Sun), she "flirted" with the Communists and enacted the historic comic drama. Blaming the Chiang-Communist secret understanding at Sian as the seed of the present calamity, the paper charged that the whole Party (Kuomintang), the whole nation and the lives of millions of people, had been exchanged by Madame Chiang for the safety of a husband. "What could be more deplorable, shameful and despicable than this," the Wang organ remarked.

Wang Ching-wei's deliberate insult of Madame Sun aroused a storm of indignation in Chungking. "Wang Ching-wei's propagandists have been so well-paid by Yen notes that they forgot the prestige of the founder of the Chinese Republic," Chinese journalists in the wartime capital said. The insult to the beloved wife of the late Dr. Sun Yat-sen is a direct insult to Dr. Sun himself, they added.

Following closely on the heels of Y. Suma, more Japanese officials are visiting in Shanghai. Among the new comers are Kenji Kodama, president of the Central China Development Company, and four Japanese judges headed of Masuo Iizaka. Urging Sino-Japanese economic cooperation, Kodama said that prosperity can come to Japan and China only when there is cooperation between the two nations. In an attempt to induce foreign capital investment in the reconstruction of Japanese occupied areas, Kodama stressed the point that Sino-Japanese economic cooperation does not mean the exclusion of third Powers' interests in China. The most interesting remark made by Kodama was that Japan had made great sacrifices in order to rescue the Chinese people from poverty.

New Post for Puppet

Wang Keh-min, head of the Peiping regime, is to have an additional post. He will assume the presidency of the Hsin Min Hui (New People's Party), the only legalized political party in North China established by the Japanese Army's Special Service Department. The Hsin Min Hui is Wang's private party in North China, just as the "Orthodox Kuomintang" is the private party of Wang Ching-wei and the Ta Min Hui (Great People's Party) the organ of the Nanking regime. The Nanking Ta Min Hui has a Japanese officer, Maj.-Gen. T. Matsumuro, as its highest advisor.

Japanese reports alleged that Gen. Liao Luai, noted Kwangsi military leader and the late chairman of Anhwei Province, who died at his post some weeks ago, was assassinated by Communists belonging to the New Fourth Army. Revenge was said to be the motive of the murder, because Gen. Liao ordered the execution of the Communist officer, Kao Ching-ting, last sumer on a charge of lack of military discipline.

Conflicting reports are in circulation regarding the whereabouts of Gen. Ho Yao-tsu, newly-appointed Chinese Ambassador to Moscow. Chinese reports said that Gen. Ho had not left for his post and was still in Chungking, while Japanese sources alleged that the new Chinese envoy had arrived in Moscow, but had not yet presented his credentials, the delay being allegedly caused by the friction between the Kuomintang and the Chinese Communist Party.

9,400 Nippon Prisoners

Japanese war prisoners in concentration camps throughout "free China" have reached a total of 9,400, the *United Press* reports from Chungking.

Jao Kwang-yen, chairman of the Chinese Chamber of Commerce in Bangkok, was assassinated On Nov. 21, according to a Chinese report. Mr. Jao had raised about $5,000,000 from the Chinese in Thai for patriotic purposes and was believed to have been a victim of anti-Chinese elements.

Two Chinese, Wang Tzu-ming and Liu Pin-heng, allegedly responsible for the murder of Shih Liang-tsai, publisher of the *Shun Pao*, four years ago, were reported to have been arrested by the Japanese authorities in Shanghai and are now awaiting trial in the Japanese consular court.

Bandit Turns Patriot

Liu Kwei-tang, former notorious bandit leader in North China and commander of a puppet army in Shantung, has turned patriot, according to a Chinese report stating that he has rejoined the Chinese army under Admiral Sheng Hung-lieh after a mutiny against the Japanese. Military circles in Chungking estimate that more than 20,000 puppet troops in Shantung have surrendered to the Chinese authorities during the past two years.

Burma Developing Own Tung Oil Industry

BY C. C. CHANG (張嘉錚)

A RECENT tour along the newly-opened Burma-Yunnan highway has disclosed the fact that very considerable strides forward have been achieved in recent years by the authorities and farmers of Burma in the direction of cultivating tung treas on a commercial basis with the object of making certain sections of that country a sort of supply ground, along with other Empire countries, for British industry. Even a casual visit to these plantations convinces one that the attempt has long ago passed the experimental stage and that the industry is now well on the road of playing an important role in the trade.

It is a well-known fact that both the Fordii (*tung-yu shu*) and Montana (*mu-yu shu*) trees are to be found growing wild in the jungles of Burma, especially in territories near the frontier. Climatic and soil conditions of northern Burma being not entirely foreign to those of Yunnan and Kwangsi provinces, the cultivation of tung trees in that country is bound to progress, especially because of the systematic encouragement which rural communities are receiving from the Forest Department of the Government of Burma and from British manufacturing interests.

Native States are Center

Information gathered during a tour revealed that the bulk of experiments hitherto carried out in Burma is centered in native states situated in the valley of the Myitnge River and its tributaries, which empties into the Irrawady, the principal river of Burma, at Mandalay. Tung tree plantations are especially numerous in the northern part of the valley, around Lashio, which serves as the terminus of a branch railway line, running all through Burna, and also of a highway connecting Burma with Yunnan.

The country is mountainous in character and is over-grown with impenetrable jungle, so that in many a place devoted to tung plantation the ground had to be first cleared of trees, bushes, lians and other vegetation growing there in abundance. Practically every Shan State appears to have extensive areas devoted to tung tree planting, this industry being especially prominent in the northern Shan States, lying to the north of Mandalay, an important administrative and commercial town in Central Burma.

It appears that Burma growers definitely prefer the Montana tree, as it has proved to be better suited to high altitudes. In China, it grows principally in Kwangsi and usually begins to produce when 2½ years of age. It becomes self-supporting when 3½ years old.

Fordii More Adaptable

However, there are individual planters in Burma who stick to the Fordii tree, as it turned out to be more adaptable than the Montana. Some planters even maintained that the Fordii can be grown successfully at altitudes of from 3,000 to 3,500 feet, whilst Montana showed poor results under similar conditions. The oil content of Fordii seed at this altitude showed 63.3% by solvent extraction. Planters said that the oil yield by the mechanical process would be still greater. In China, the Fordii grows in the Yangtsze valley provinces and it should be noted here that it is the most generally-known specimen in foreign countries, having been planted in America, Australia and New Zealand.

Planting of tung trees in Burma started in 1927-1928, approximately at the time when similar experiments were attempted in India. First plantings were made in the so-called southern Shan States of Maymyo, Mandalay, Hwambi and Tunggui, where, after some failures in initial stages, the cultivation of trees has grown up to some commercial importance. As the trial had turned out favorably, the plantings were spread out farther to the north, in the territory of the northern Shan States.

From the very beginning, cultivation of trees was started as a strictly commercial proposition. With that end in view, a number of British paint and varnish manufacturers founded a limited liability company under the style of Tung Oil Estates, Ltd. in April, 1930, with a capital of £50,000, which was since increased to £150,000.

Company Has 4,000 Acres

The bulk of the company's plantations are situated in the state of Hsum Tsai, where over 4,000 acres of tung trees are said to be planted. First plantings were made with Fordii trees, but since the yield of oil has proved to be not very remunerative, these trees have been, or are in the process of being, replaced with Montana trees. New plantings are now made only with Montana trees.

The holdings of Tung Oil Estates, Ltd. in Hsum Tsai are run along the most scientific lines: bud-grafting and seed selection are usual practices; mother trees are selected and given special care for their seeds. Besides the stated 4,000 acres under cultivation, the company has many thousands of acres under lease but not yet developed, and although the jungle is light and the soil not particularly good for the Montana tree, the prospects for further development are said to be extremely good.

In Hsipaw State, plantings of tung trees are in evidence all along the Lashio-Lollem road. Estates range anywhere from 50 to 250 acres each, besides *taung-yas* planted with tung trees. Mr. H. J. Forbes was pioneer in tung planting in this state, having started it in 1934 at Nawngkaw, in the East Hsipaw District. His previous experience in tung planting was in the southern Shan States, particularly Maymyo, which district he left in 1934 when the plantation was destroyed by fire. In the following year (1935) he founded Shan States Tung Development, Ltd., capitalized at £10,000. The company plans to open up estates of from 50 to 1,000 acres and has secured concessions for that purpose from native chiefs, especially in the Eastern District.

5,000 Tons Expected

At Nawngkaw the company has now 1,100 acres with trees planted in 1935 and now in full bearing. By summer of this year, the company hoped to have 1,500 acres of estate and 1,200 acres of village cultivation. The present plans envisage a minimum of 10,000 acres of estate and 10,000 acres of village cultivation in the course of the next few years. Forbes estimates that in the next ten years the company should be able to produce 5,000 tons of tung oil and even more, depending on the progress of the village cultivation scheme.

Information shows that there is a considerable difference in the way the British approach the natives of the southern and northern Shan States with the proposition to cultivate tung trees on a commercial basis. Whilst in the southern States plantations operated by foreign companies showed every sign of growing further, in the northern States this method had to be changed to suit local conditions. Mr. Forbes found that land in these states was communal, that is to say, the whole country is divided into village tracts, so the Shan chiefs and villagers were interested in the profits to be obtained from cultivation of the new culture.

Villagers Said Independent

He found that these villagers were of independent disposition and disinclined to work as estate laborers, whilst they were prepared to undertake plantations that would offer them sufficient reward for their labor. For this reason, Shan States Tung Development, Ltd. adopted a policy of combining estate development of tung oil with village tung oil production as being the most suitable for the country. The company has arranged that the produce of the village tung tree cultivation in the East Hsipaw District and other areas operated by the company be sold to themselves. This means that the company intends to launch itself into export business on a somewhat monopolistic basis, as village producers are compelled, by virtue of their arrangement with the company, to sell their goods to none else but the company. Free competition of oil merchants, as it exists in China, is not contemplated.

Upon the suggestion of the Government of Burma, the company has been offering sufficient inducements to native chiefs to send their sons and other students to their estates for training in the theory and practice of tung cultivation.

Natives are Enthusiastic

Shan Tung Development, Ltd. is planting several lots in the neighboring state of South Hsenwi, too. Several hundred acres are said to be devoted to tung trees and they appear to be still young. Natives are very

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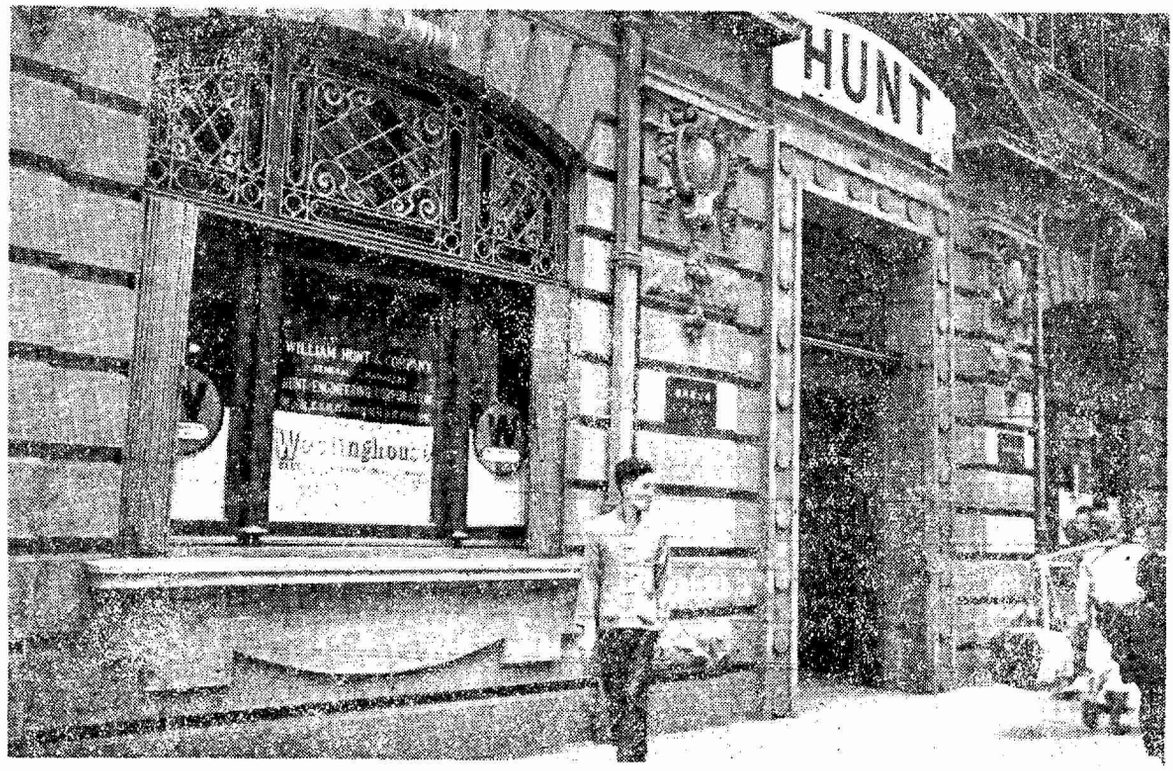

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91-036

enthusiastic over the new industry and cleaned up extensive lots in the jungle. However, it is not uncommon to meet full-sized Montana trees in this neighborhood. A similar picture prevails near Hsienwi (the capital of the state), which is apparently destined to become one of the centers of tung oil production in Burma.

The chiefs of Khesi Mansam and Mongshu, two neighboring states in this vicinity, are also interested in tung cultivation. In Mongshu, an important trader commenced a tung plantation in 1936 and now is said to possess about 100 acres under tung trees. Mature Montana trees are a common sight on the road-side here, too.

Small plots of tung trees are also in evidence along the road while crossing the state of Mongnawng. The natives of this state as well as those of Kengtung, lying nearby, appear to be very enthusiastic about tung planting and show every evidence that they intend to go ahead in this direction. However, after crossing the Salween River along the motor road to Kengtung State, no trees can be seen for about 100 miles.

Lepers Become Planters

Kengtung is the state of outstanding importance in regard to tung planting in Burma. It was reported in *The Rangoon Times* for October 27, 1937 that the traders, missionaries and even inmates of leper asylums in the state are all enthusiastic tung tree planters, including the chief himself. Tung planting is on everybody's lips here. The chief's plantation was reported to be the oldest in the state and, consequently, is now yielding oil on a commercial scale. It seems that this state is destined to be one of the principal sources of tung oil in Burma.

A recent press report stated that enthusiasm of similar proportions exists amongst the populace of Mongnai state, too. Here, tung planting was also initiated by the district superintendent and the native chief, who freely dispensed seeds and vital information on cultivation of trees to villagers.

Other native states such as Mongpawn, Yawngwe and Poila, lying around Loilem and Hsiseng, in the hilly region not very far from the frontier, are reported to have made considerable progress in tung planting.

Started by Foreigners

The outstanding fact with tung planting in Burma is that it has been initiated by foreigners — traders, missionaries, teachers and rural officials—who freely distributed seeds amongst villagers and taught them the technique of planting and caring for the trees. The villagers were shown the advantages of having small plots of tung trees near their homes, which would in times to come serve as an important factor in their economy.

A brief observation of what has been achieved by the populace of Burma in the way of introducing the tung tree as a new industry convinces even a casual visitor that it has grown up to a stage where it needs no further support. Tung oil is a familiar product amongst villagers of North Burma as it has been used by them in home-made paints and varnishes, and therefore the whole proposition is by no means strange to them. The present ambition of European planters is said to be around 10,000 tons of oil annually and there can be little doubt that this goal will not only be attained but even surpassed, making British industry independent of China tung oil to that extent.

Chungking, November 12, 1939.

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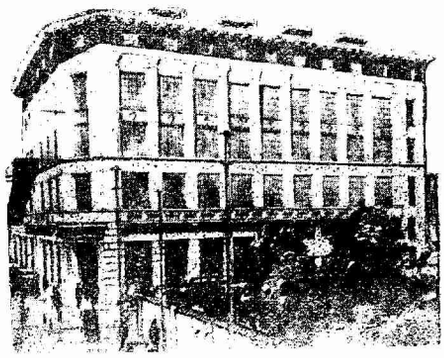

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91-038

Puppet Court to Try Constables of S.M.C.

Two Chinese constables attached to the Settlement Police who were detained on November 19 together with Probationary Sergeant J. O. Egeberg by Japanese gendarmes in Robison Road after an incident with some "Special Municipality" officers over the searching of a tramcar passenger, have now been turned over to the newly-established Chinese court is the western district for trial.

The two policemen were questioned by the procurator of the court during a short hearing. It is stated that in view of the complicated nature of the case, in which a "Special Municipality" policeman is alleged to have been injured, the procurator preferred to make further investigations before drawing up an indictment. No trial was therefore held, the injured officer having failed to put in an appearance.

It is mentioned that the injured "Special Municipality" policeman is named Yuan Mow-chi. He is said to have been hurt in many parts of the body and in addition the report alleges that he sustained a gunshot wound in the forehead.

It will be recalled that the Settlement police officer and constables were detained by the Japanese after they had clashed with the Special Municipality men when the latter refused to allow the former to search a Chinese tramcar passenger who wished to be immune from the search by claiming to be an "official." Shots were fired from a rifle and pistols and they attracted the Japanese to the scene. Sergeant Egeberg, a Danish subject, was later released and his detention has been the subject of a protest by the Danish Consul-General and Charge d'Affaires, Mr. Poul Scheel. Egeberg was beaten about the legs with rifles, according to his testimony in the Danish Consular Court.

Tsao Heads Southeastern Communications System

In order to effect better coordination and enhance the efficiency of various tele-communication systems in China, the Ministry of Communications of the National Government recently divided the war area of China into three governing zones, viz, the southeastern zone consisting of Chekiang, Kiangsu, Anhwei, Fukien and Kiangsi; the southwestern zone consisting of Hunan, Kwangtung, Kwangsi, and Kweichow; the northwestern zone consisting of Honan, Shensi, Shansi, and Kansu. In each zone, a governor is appointed, who is responsible for handling any affairs relating to electric communications. Mr. T. C. Tsao, well-known communication engineer in China, has been appointed governor of southeastern zone and has inaugurated his office at the border of Fukien, Kiangsi and Chekiang provinces. Mr. Tsao received his education and technical training in England, America, and Germany.

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91-039

The Great Red Father

(Continued from page 24)

bombing, later became, as president of the Comintern, the official spokesman of "democracy," "peace" and the Popular Front.

Elaborate Explanations

Moscow had elaborate theoretical explanations to offer for its failures in Hungary, Poland, Germany, Esthonia and Bulgaria. These filled volumes of theses, resolutions and reports. In no case, however, was it suggested that Bolshevism and its Russian leaders were responsible. The myth that the Comintern leadership was infallible was preserved with ecclesiastical stubbornness. The clearer became the fact of failure, the more grandiose became the plans for the future, and the more complicated the international structure of the Comintern.

Although the Communist International never accomplished its primary aim, the establishment of a Communist dictatorship, it became, especially after it turned to the stratagem of the Popular Front, one of the most important political agencies in the world.

The general framework of the Comintern is no secret. It is widely known that there are Communist parties, legal or illegal, in every country of the world. The world knows that the headquarters of the Comintern is in Moscow. But it knows almost nothing of the real apparatus and its intimate connection with the Ogpu and Soviet Military Intelligence.

Turkish Police Raid Dope Peddling Dens

According to a German *Transocean* message from Istanbul, dated Nov. 20, the Turkish police arrested 70 persons and seized more than 100 kilograms of heroin, hashish, cocaine and other drugs in a raid on narcotic dealers. Several coffee-houses where dope was peddled were closed.

An Antidote For Gloom.

A cheerful smile is needed in these gloomy days, yet it is not easy to raise a smile when you are feeling liverish, bilious, and generally out-of-sorts. But, to tolerate this condition is foolish, when a little dose of Pinkettes is all that is needed to set matters right.

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91-040

S.M.P. Sergeant Secures Redress

Acting on the instructions handed down by the Court of Consuls, the Shanghai Municipal Council on Nov. 24 reconsidered its action taken last spring in summarily dismissing Sergeant Patrick Kelly of the S.M.P., by cancelling the order for his dismissal.

In cancelling the order, the S.M.C. automatically gave Sergeant Kelly a clean state and at the same time restored his rights regarding payment of superannuation, passage money, back salary and subsistence allowance, as well as minor allowances.

Besides receiving his superannuation, said to amount to approximately £500, Sergeant Kelly is being given six months pay in lieu of notice.

Subsistence Allowance

He will also receive a subsistence allowance equal to his pay for the months that followed his discharge up to Monday of last week when the Court of Consuls rendered judgment against the S.M.C. after the sergeant had brought action, charging wrongful dismissal.

The addition to allowances and his superannuation, Sergeant Kelly also will receive passage money back to England.

Case Recalled

Sergeant Kelly was dismissed from the police force last May following a hearing before an S.M.P. trial officer in accordance with S.M.C. rules and regulations. The discharge, based on three minor infractions of S.M.P. regulations and one grave charge alleging failure to report the seizure of a pistol and opium, dishonored the sergeant and caused something of a sensation in police circles. The case was finally given a public airing when Sergeant Kelly brought action against the S.M.C. in the Court of Consuls, charging that he had been wrongfully dismissed. The Court, in rendering judgement, stated that the punishment in the case of the first three charges was excessive and threw out the fourth charge because of lack of evidence.

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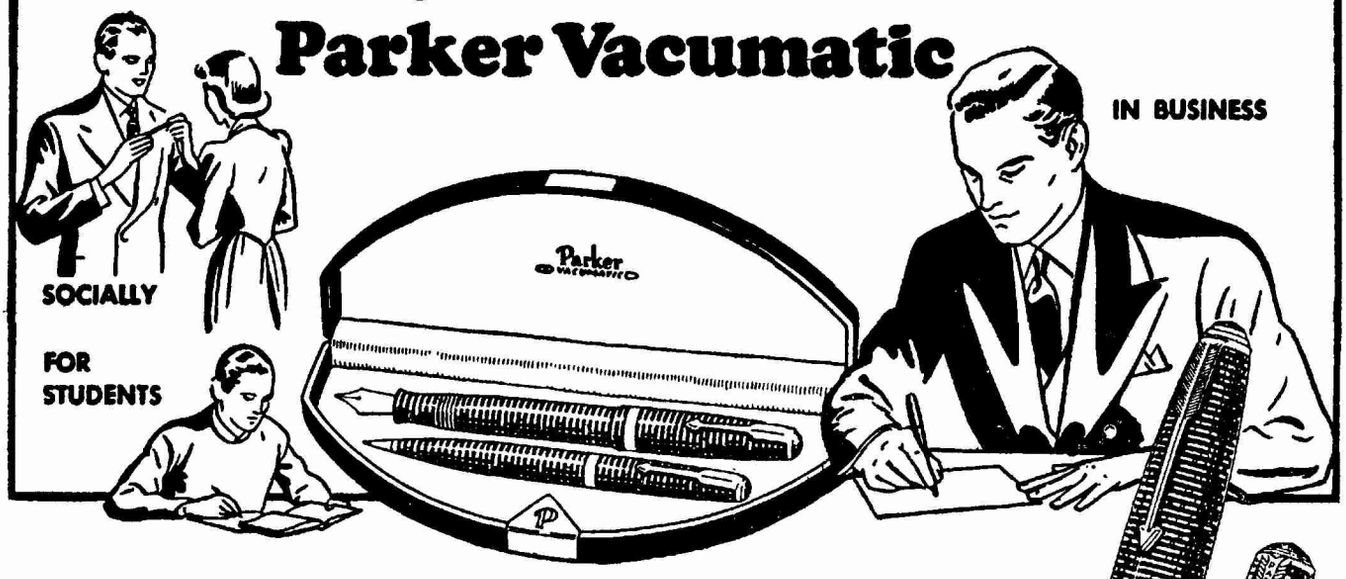

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

November 8

Japanese planes raided (yesterday) various cities of Kwangsi, Hunan and Chekiang provinces.

Captain K. Okuda, noted Japanese aviator, killed during a recent Japanese air raid over Chengtu, Szechwan capital, according to Japanese report. His plane was shot down by Chinese pursuit craft and all its occupants killed.

Sotomatsu Kato, new Japanese minister-at-large to China, arrived at Shanghai. Sato succeeds Masayuki Tani.

Tokyo **Hochi Shimbun** predicted that the Soviet Union would be the first to recognize the new "Central Government of China" to be formed shortly by Wang Ching-wei.

Sun Fo, president of the Legislative Yuan, arrived at London and called on Lord Halifax, British Foreign Secretary. Mr. Sun visited Moscow recently on a mission of the Chinese Government.

French Indo-China authorities announced the lifting of the ban on Chinese goods passing through that country. Action welcomed by Chungking.

Six hundred Japanese planes shot down by the Soviet air force during the hostilites on the Outer Mongolia-Manchukuo border last summer, according to the Soviet Aviation Journal published in Moscow.

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Novembebr 9

Details of the role played by the Chinese Navy in the present Sino-Japanese hostilites revealed for the first time by Admiral Chen Shao-kwan, Navy Minister, in an article published in the **Military Affairs Monthly**. Admiral Chen disclosed that 35 ships aggregating 63,800 tons, were sunk to build the boom below Kiangyin, which was later reinforced by eight tugboats, 185 junks and 2,354 tons of stone.

Resolution reaffirming continued loyalty and support for Gen. Chiang Kai-shek was adopted by the Central Political Bureau of the Chinese Communist Party on October 10; text of the resolution published in Chungking press today. Referring to the European War, the Communist Party advocates the strictest neutrality by China.

Sir Archibald Clark Kerr, British Ambassador, left Chungking for Hongkong by air after lengthy visit in the wartime capital. Sir Archibald was given (last night) a farewell dinner by Generalissimo Chiang Kai-shek.

Japanese bombers used "mid-air bombs" in the raid on Wushan, eastern Szechwan, yesterday, according to Chinese report. Forty-eight bombs dropped on the city exploded mid-air, inflicting heavy casualties on the populace.

A boy, the 77th lineal descendant of Confucius, born in Chungking on November 7, to Mr. and Mrs. Kung Teh-chen, who came to Chungking last year before the fall of Hsuchow.

Two puppet officials, Loo Tse-ping and Yang Ching-hai, chief and assistant of the Japanese affiliated "Self-Protection Corps" respectively, assassinated in a Shanghai restaurant by armed political killers.

Two Chinese, Ping Fu-chang and Tang Po-yi, charged by Japanese military police in Shanghai with being responsible for the assassination of Chen Lu, former Foreign Minister of the Nanking "Reformed Government," on February 19 last, reported to have been arrested.

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November 10

Sir Archibald Clark Kerr, British Ambassador, arrived at Hongkong from Chungking; denied that he had discussed peace proposals with Chinese government leaders.

Gen. Chiang Kai-shek ordered the appropriation of $3,000,000 for flood relief in North China behind the Japanese lines.

Dr. C. T. Wang, former Chinese Ambassador to the United States, and Gen. Wu Te-chen, former Chairman of Kwangtung, arrived at Chungking.

"Only just peace will be acceptable to China," said Dr. Hu Shih, Chinese Ambassador to Washington at the "Bowl of Rice Dinner" parties held in New York last night for raising funds for the relief of Chinese war refugees. America's interest in the Far East lauded; China's positon stated stronger. US$200,000 expected to be raised by the "Bowl of Rice" parties throughout the United States.

There are more than 500 Chinese millionaires living in Hongkong at present, according to a Chungking **Kuo Min Kung Pao** report based on information from banking circles.

Chinese Foreign Office denied the Japanese report that China is shortly sending a goodwill mission to the United States headed by T. V. Soong.

Sun Fo, now visiting in London, declared that Soviet Russia would continue to aid China in her conflict with Japan; denied rumors of Soviet troops' invasion of Sinkiang; said that peace in Asia dependent on the issue of European war. Huge Soviet loan of £60,000,000 to China reported in London; Sun Fo denied accuracy of report.

Japan determined to carry out the establishment of the "New Order" in East Asia, declared War Minister Gen. S. Hata in first press interview.

*
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November 11

Renewed large-scale hostilites in northern Hupeh thought imminent, as Japanese reinforcements have been pouring into Chunghsiang along the Han River recently.

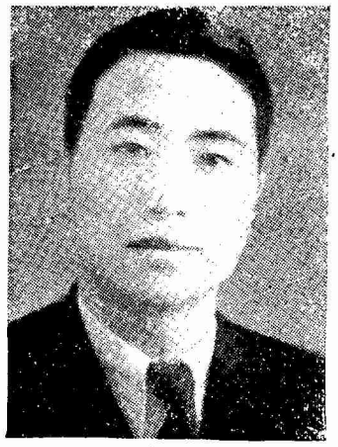
Madame Sun Yat-sen, in a special article written for the **Fookien Times**, Chinese newspaper in Manila, denounced Wang Ching-wei as a notorious traitor. She bitterly assailed Wang's presumption in leading a new "legitimate" Kuomintang under Japanese sponsorship.

A new Chinese army was being trained in West China according to Sun Fo. Whereabouts of this army and the date of a new general offensive for which it is being prepared was known only to Gen. Chiang Kai-shek and a few associates, Sun said.

In a manifesto issued at Chungking on International Peace Day, 2,100 Japanese war prisoners, who had been organised into an "Anti-War League of Japanese Residents in China," called for the overthrow of Japanese militarism. Some of the war prisoners in Chungking also joined a Chinese dramatic society in presenting "Fight for Peace" at a local theater.

Who's Who in China

Nei Wei-ching, Government official; born at Kinhua, Chekiang, 1903; graduate of the National Central University, Nanking; M.A. in political science, London University, England;. Magistrate of Shui-ning,



倪渭清字薛生
Ne Wei-ching

Kiangsu; Mayor of Nantung Municipality, Kiangsu; Magistrate of Waiyang and of Hsinfong, Kwangtung; taught in various universities in Shanghai; instructor in political science at the Central Military Academy; now Senior Secretary, Ministry of Interior; author of "The Principle of Chinese Government" in 2 vols. and "A Criticism of Modern Political Theories;" address: Ministry of Interior, Chungking.

T. L. Soong, younger brother of T. V. Soong, appointed chairman of the Foreign Trade Commission, succeeding K. P. Chen.

*
**

November 12

The Sixth Plenary Session of the Central Executive Committee of the Kuomintang opened at Chungking. Gen. Chiang Kai-shek delivered the opening speech, in which he said that Japan is doomed to defeat if she continues her aggression against China. Present war is suicidal to Japan, as it destroys the structure and function of constitutional government, on which she depends for the stability of her state, Gen. Chiang said. The Generealissimo also predicted the failure of the projected puppet central government under Wang Ching-wei, declaring that bogus governments are no help to Japan. Gen. Chiang reiterated China's determination to resist aggression of Japan and protect her diplomatic independence and equality.

A purported British proposal to Japan "for the settlement of the China war, which would surrender large areas to Japan and support Wang Ching-wei's nominal authority in Nanking to gain some promise for British interests in South China, especially Canton," was revealed (yesterday) by the weekly **New Statesman** in London. The journal said that Britain would also "lead a Japanese attack against the Soviet Union in the north.'" Informed circles in London indicated that the ideas outlined had never been advanced officially, but said they they may have arisen in "private" conversations.

The British Government announced its decision to withdraw British troops from Tientsin, leaving behind only a small detachment for the protection of the rights and interests of British subjects. Decision said made solely from military considerations, as the North China British troops needed elsewhere.

*
**

November 13

Main item on the agenda of the C.E.C. Plenary Session said to be the proposal for the establishment of a constitutional government in China. Session expected to last a week, but no important changes in the domestic and foreign policies likely to be made. Relations between the Kuomintang and the Communist Party expected to be discussed and readjusted.

Gen. Chiang Kai-shek at the weekly memorial service for Dr. Sun Yat-sen outlined a ten-point program for improving conditons in China, the most important points being introduction of constitutional form of government, greater attention to border affairs, strict observance of Dr. Sun's bequeathed teachings, development of education, industry and economy.

Gen. Chiang's opening speech at the C.E.C. approved by both the Kuomintang and Communist papers. The Communist **Hsin Hua Jih Pao** stressed that the most important mission of the present Kuomintang Session is "to promote the unity between the Kuomintang and the Communist Party."

British Goverenment spokesman explained that the withdrawal of British troops from North China involves no relinquishment of British interests elsewhere in China. British North China Garrison reduced from 1,000 troops to 200.

French Foreign Office also announced that French garrisons in China had been reduced since the outbreak of the European war.

The British and French Ambassadors to Tokyo officially notified the Japanese Foreign Office of the withdrawal of the British and French troops from North China.

Chinese Refugees From Europe Get Attention

The Central Overseas Chinese Affairs Committee is now reported to be paying close attention to the large number of overseas Chinese business men who have been forced to return to their fatherland because of the European conflict. These returned overseas Chinese, mostly small merchants and hawkers, are being given chances to offer war-time services to the government and relief measures are being worked out for their families, the report says.

Some 140 overseas Chinese merchants who have left their businesses in France and Holland, recently arrived in Shanghai on their way to their native districts in Chekiang. Many of them have now left the city but a new batch has just arrived. The newly-arrived overseas Chinese war refugees are staying in several French Concession hotels.

1,000 Yangtszepoo Dock Workers Out on Strike

One thousand Chinese workers at the Shanghai Dockyards in Yangtszepoo, who downed tools on Nov. 22 following dismissal the previous Saturday of 34 hands on account of slackness in business, were still on strike this week. When the strike was called, pickets posted at the entrance to the dockyards to prevent workers from entering clashed with Settlement police from Yulin Road station. Two policemen received slight injuries.

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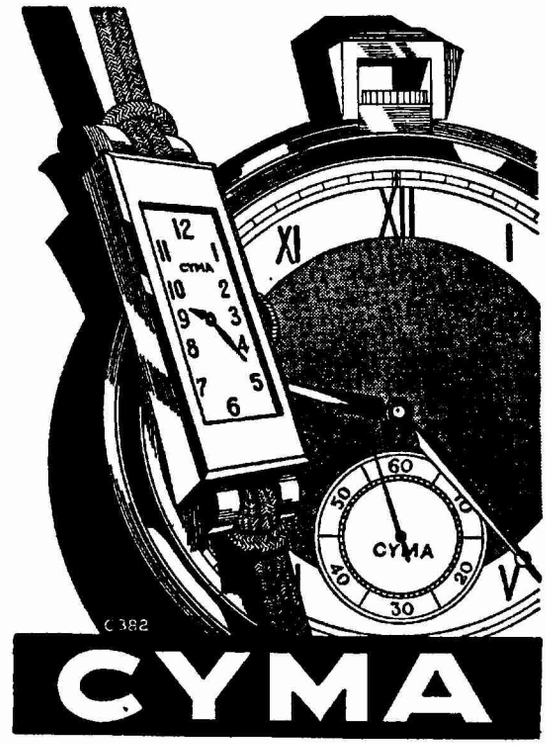

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Men and Events

Gerald Wagner, U. S. Consul at Taihoku, Formosa, who has been home on leave, is expected to return to his post early in December.

*

Mrs. Frank Williams, wife of the U. S. Commercial Attache in Tokyo, departed for the U. S. on Nov. 22. She will be joined at the end of the year by Mr. Williams who will remain in the U. S. some time on leave.

*

Dr. Ernst Ramm, formerly German Consul-General at Wellington, N. Z., has been transferred to Mukden. Dr. Ramm and Mrs. Ramm passed through Japan en route to their new post last week.

*

The American University Club has announced its winter social "get-together" for Friday evening at the Winter Garden on Yu Yuen Road, opposite Jessfield Park. The admission will be $3 and the entire net proceeds will be donated to a deserving children's charity.

*

The name of the United States Steel Products Company, Union Building, Canton Road, has been changed to United States Steel Export Company. The concern is a subsidiary of United States Steel Corporation, leading steel and scrap-iron firm in the United States.

*

Students in American universities, in the present school term, are engaged in raising a sum of U.S.$35,000 for relief of Chinese students made necessary by the present war situation. The sum raised last school term was U.S.$44,-000. The promoters of the project are the Far Eastern Student Service Fund, 347 Madison Avenue, N. Y.

*

Col. and Mrs. Joseph Fegan of the U. S. Fourth Marines are scheduled to depart from Shanghai on Dec. 6 on the President Taft. Mrs. Margaret Sunderland, who has been visiting Col. and Mrs. Fegan, will also return to Washington with them. Col. Fegan will return to duty at Marine Headquarters in Washington. Lieut.-Col. Charles I. Murray will command the Marines in Shanghai, pending the arrival of the new Regimental Commander, Col. De Witt Peck, who is expected to reach Shanghai about Jan. 2.

*

The Whangpoo Conservancy Board, which has been inactive for two years as a result of the war situation, will resume operations early in the present month, according to announcement last week. The decision to resume work resulted from a conference of the Consular Body and the Japanese authorities, according to a report in the Japanese army organ, *Tairiku Shimpo*. It was stated that the Conservancy Board would be reorganized with L. H. Lawford, Commissioner of Customs, Yaroku Sugiyama, Harbor Master, and Li Chien-nan, Superintendent of Shanghai Customs, as directors. T. L. Soong, official of the National Government at Chungking was formerly director of the Board.

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Lady Kerr, wife of the British Ambassador, Sir Archibald Clark Kerr, has returned to Shanghai from a visit to her home in Chile, South America.

*

Dr. Hu Shu-hua was appointed President of National Northwestern University, according to a mandate issued by the National Government at Chungking on Nov. 29.

*

Judge Nelson E. Lurton has returned to Shanghai from a trip to Manchukuo and North China. From Dairen he travelled to Mukden and then returned by rail to Tientsin and Peiping and to Shanghai by way of the Tientsin-Pukow and Shanghai-Nanking Railways.

*

The Palace Hotel, oldest in Shanghai, and owned by Hongkong and Shanghai Hotels, Ltd., a Hongkong company, is being redecorated and modernized through the installation of new plumbing and heating equipment. Several new bathrooms are also being added on the various floors. According to an advertisement in the local papers the bathroom fixtures, which are said to be "streamlined," were purchased from a Detroit concern.

*

Twelve owners of ricshas operated in the International Settlement were each fined the sum of $100 in the First Special District Court on Nov. 23, on a charge of forcing pullers to pay exorbitant rentals in violation of municipal regulations. The rental price, established in 1937, was 77 cents a day. It was discovered that the owners are now charging 90 cents a day.

*

The American Association of Yokohama elected the following officers at the annual meeting held at the American Consulate in Yokohama last week: President, R. Hill, of the National City Bank; vice-president, Richard F. Boycex; treasurer, Thomas Bamford; custodian, E. W. Frazer; committee, John C. Ankeney, Vernon A. Gulick, D. C. Holtom, Dr. Joseph L. McSparron, Wm. B. Spengler.

*

St. Luke's Hospital for men and St. Elizabeth's Hospital for women, both operated under the auspices of the American Church Mission in Shanghai, are to be amalgamated, according to a report of the Mission last week. The merged institutions will be known as the St. Luke and St. Elizabeth Hospital. The new institution will be administered by a Hospital Council, the chairman of which will be Dr. A. W. Tucker, formerly Medical Director of St. Luke's. The Medical Director will be Dr. Walter Pott of St. Elizabeth's. J. M. Wilson will be Business Manager. A Directress of Nurses will be appointed shortly. A new building to be opened in January will contain class rooms, dining and recreation rooms. The two hospitals are among the oldest mission institutions in Shanghai, St. Luke's having been established in the 1870's. It was forced to move from the Hongkew district because of the occupation of that area by the Japanese.

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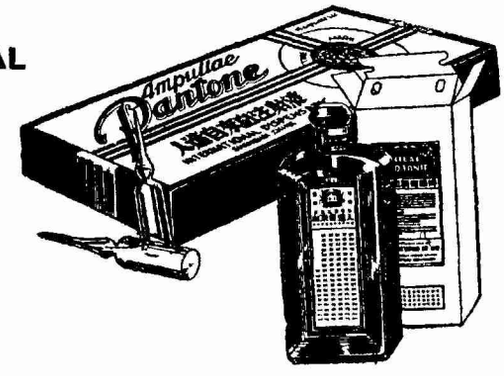

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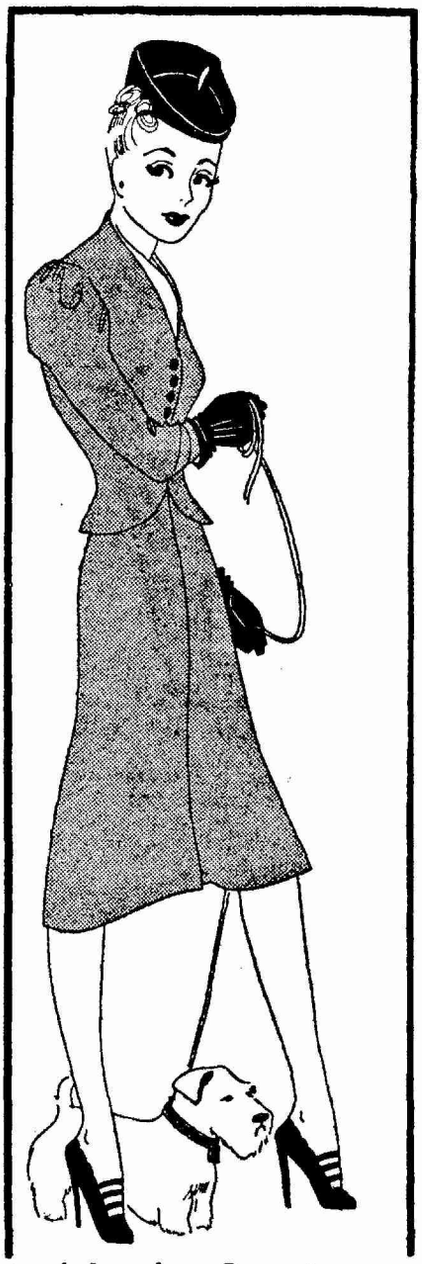

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91-046

Roman Przedpelski, Press Attache of the Polish Legation, has arrived in Shanghai from Hongkong and will make his headquarters here in future.

*

Dr. Emil S. Fischer was scheduled to speak at the Royal Asiatic Society on Thursday, Nov. 30 on the subject, "Marvels of Tibetan Architecture."

*

The Japanese Government issued an Imperial Ordinance on Nov. 25 permitting the exchange of officers between the Japanese and Manchukuo armies. The Ordinance authorizes the placing of regular Japanese officers and non-commissioned officers in the Manchukuo Army on the reserve list of the Japanese Army at their request.

*

Dr. Stephen Pan and Dr. P. C. Chang, both well-known in Shanghai, were guests and speakers at a meeting of the China Aid Information Exchange at the Central Branch Y.M.C.A. in New York on October 20. Dr. Chang, who had just arrived in New York from Europe, spoke on the subject, "European War and the Far Eastern Situation." Dr. Maurice Williams was chairman.

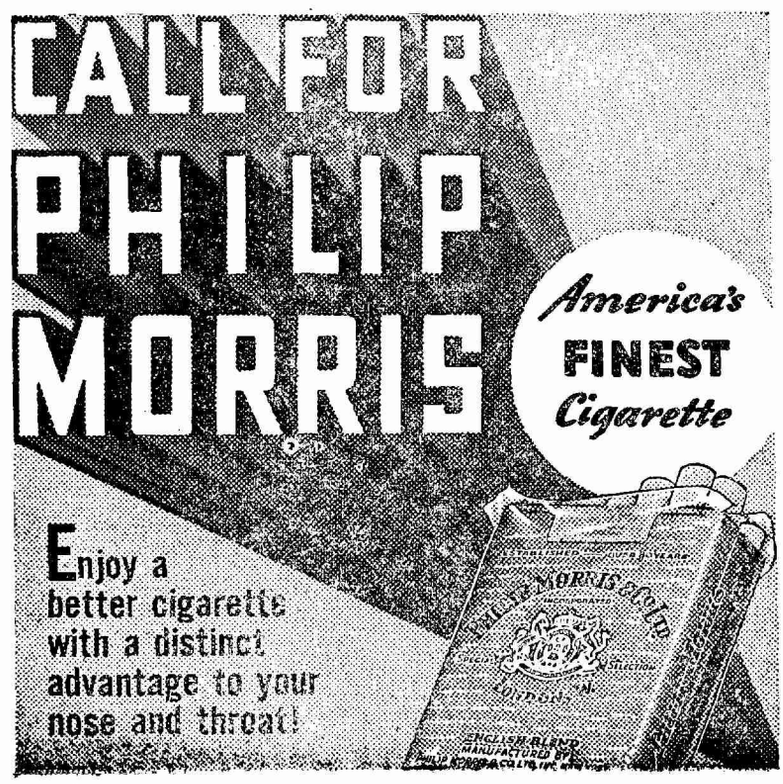
*

According to the *Shun Pao* the Japanese military authorities are secretly starting an anti-American movement in Honan and Shantung. At Chenliu, northern Honan, the anti-British agitation has been broadened to include Americans and large quantities of leaflets to this effect are being circulated. While no open demonstrations have been held in Shantung, the Japanese army authorities are preventing American missionaries, temporarily residing in Chefoo and other coast ports, from returning to their regular posts at interior points such as Fushan, Moupin and elsewhere.

The difficult economic situation through which the Chinese people are passing as a result of the Japanese invasion, has been responsible for numerous "unnatural" crimes, one of which was reported in the *Sin Wan Pao* on Nov. 23. According to the account, written by a reporter, thieves entered the premises of two Chinese coffin repositories in the eastern district and broke open more than 140 coffins containing the remains of relatives of wealthy Chinese families. There were 50 robbers in the gang and much jewelry and other valuable articles were stolen. The names of the coffin repositories were Ta Tung Kung Tso and Woo Tung Kung Tso. The reporter who visited the establishments was himself in search of the coffin of a deceased relative sent there for safekeeping. The robbers remained on the premises for more than 10 hours and were armed with pistols, ropes, iron rods and axes.

*

The China Film Company, a Japanese propaganda organization, has announced its intention of opening a studio in a building formerly occupied by a Chinese medical school in the vicinity of the former Commercial Press works in Chapei. According to the *Shanghai Mainichi* the studio will cost Yen 380,000. The officers of the concern hope to be able to start production of "cultural" films by next March. In the meantime efforts will be devoted to the training of Chinese craftsmen. An attempt also will be made to induce Chinese actors connected with Chinese film companies to join the Japanese enterprise. The report stated that another big studio will be built in the Civic Center area. The Japanese Shanghai Real Estate Company, which has a monopoly of land dealings in that area, has been authorized to purchase a large tract for the new studio.



New Books of Interest in the Far East

Revolutionary Reminiscences

SURVIVAL: THROUGH WAR AND REVOLUTION IN RUSSIA—By D. Fedotaff White. Illustrated, maps. 1939, Philadelphia, University of Pennsylvania Press. 396 pages. Price U.S.$3.00.

This book differs markedly from many personal records of the Russian revolution in that the author saw the events of the Revolution from so many vantage points: his post with the Russian fleet at Reval in the February revolution; the British point of view through his duties as assistant naval attaché at the Russian embassy in London during the summer of 1917; and later as an officer in the White Siberian forces, in the Kama and Irtysk flotillas, and as a prisoner of the Reds in Irkutsk, he was related to the whole Siberian revolutionary movement. Not content with release from his dangerous position in Irkutsk, he made his way back to his family home in Petrograd and finally after a winter in Moscow escaped through Finland.

The most useful part of the book to a student of Russian history is undoubtedly the sixty pages given over to his diary, which records the February Revolution. The loosening of discipline among the men, the winning over of the sailors to the town mob, and the massacre of the naval officers at Helsingfors are all described.

In June, 1917 White was appointed by Kerensky as naval attaché to the Special Diplomatic Mission from the United States, sent by President Wilson to greet the new "Russian Democracy." Mr. White gives his impressions of the members of the Mission as he recorded them in his diary. He writes with not a little asperity. "The personnel of the Mission is numerous and rather motley." One member he said was very old and decrepit, another stupid and vulgar, another a cunning old merchant. Of Charles R. Crane he wrote, "He looks like a very absent-minded person, always immersed in thoughts and dreams. Despite this, he seems to be the only member of the Mission who has a more or less clear idea of what it is all about." The meeting between the American Mission and Kolchak at Sebastopol illustrates the complications which may result from polite interchange of compliments.

The extraordinary number of coincidences in this book would be difficult of acceptance in a work of fiction. There is the casual discovery of German code books which enabled the allies to decipher German wireless messages, White's rescue from the Siberian jail by a group of Red sailors who had served under him before the Revolution, his meeting with friends in official positions after his return to Petrograd and Moscow, and a dozen other strange events.

Books of memoirs are so flavored by the personality of the writers that the reader must always allow for the personal bias. But it is fair to say that this is not a bitter book. It gives a strong feeling of the uncertainty, the chaos, the destruction which certainly characterized the period. The fact that the University of Pennsylvania Press has published the book is strong evidence for its authenticity. Mr. White is at present in the United States, where he is working in the field of history at Columbia University.

F. M. R.

Monetary Study

SILVER MONEY—By Dickson H. Leavens. Published under the auspices of the Cowles Commission for Research in Economics by the Principia Press, Inc., Bloomington, Indiana, U.S.A.

When the layman takes up a book on Economics, he usually does so not from the point of view of the pleasure he may derive from reading it, but to try to keep abreast of current events and to add a bit to his sum of knowledge. Too many, perhaps, consider it a subject to leave to their bankers and brokers, and personally prefer lighter literature. In this volume on "Silver Money" that bears the stamp of approval of the Cowles Commission for Research in Economics, the author, who is Research Assistant of the Commission and editor of "Econometrica," shows us that he appreciates the poetry and humor of Silver as well as its historical and economical aspects, for almost every chapter is introduced by a bit of verse or humorous anecdote. This helps to break down our resistance! To take only one example: Chapter XVI is entitled: "The Postwar Decline in the Price of Silver, 1920-1933," and we read:

"Perhaps it was right to dissemble your love,
But—why did you kick me downstairs?"—J. P. Kemble.

Mr. Leavens has left hardly anything undone in this valuable study he has given to us, for he brings us down to the present day. In compiling it, the author has done a great amount of painstaking research, supplying copious data and statistics both in the body of the book and in the appendices to drive home his arguments.

Of particular local interest are the chapters dealing with the silver situation in the Far East, such as those on "Silver and China," "Business in China under the Silver Standard," "Proposals for Monetary Reform in China" on through to "The Effect of American Silver Policy on China, 1934 and 1935," and "The Abandonment of the Silver Standard by China." If in the rest of the book the distinguished author writes as "one having authority," he is especially at home here, for as we are informed in the official announcement of "Silver Money" by the Cowles Commission, he was a faculty-member of the College of Yale in China at Changsha from 1909 to 1928, acting as Treasurer during his last 12 years, and in 1934 he served in India and China as special agent of the United

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State Treasury Department.

In the final chapter, Mr. Leavens sums up for us the whole situation and gives us a parting bird's-eye-view of the silver question. In his concluding paragraph he holds out little hope for "Silver Money." Comparing it to Humpty-Dumpty, he writes: "In recent years the efforts of its friends have had only a temporary success; the future is unpromising. The unprejudiced bystander will feel that it is no use trying to patch up broken eggs, even such a good egg as Humpty Dumpty."

J. A. L.

Idiomatic English

ENGLISH IDIOMS IN CURRENT USE—A Manual of Idiomatic English adapted for High School and University Students by S. T. Hu. Shanghai: The International Press.

The Chinese student engaged in the study of the English language will find this book a valuable help, for it takes him through the alphabet from A to Z, and furnishes him not only with the idiomatic meaning of the words selected, but also shows him how the particular meaning in the context is used by a careful choice of examples from the best authors. The book is primarily directed to assist the Chinese student, for whose benefit an explanatory reference to the more difficult English words and phrases is given, in which the corresponding Chinese characters are numerically listed.

A compilation of this kind is neither new nor original, as Mr. Hu himself admits in the preface, gratefully acknowledging his indebtedness to standard reference books previously published. He is to be congratulated on his present work, for it bears out the truth of his modest assertion: "It is believed to be at least thoroughly trustworthy." Even a cursory glance through its pages shows that it may be safely recommended as a guide not only to Chinese students, but to all who wish to acquire a full mastery of such uses which make a living language simple, vigorous and idiomatic", for "it will serve to familiarize the students with the heart and soul of the English language, and to introduce them into that sanctuary."

H. B.

Shanghai Real Estate

Messrs Arthur and Theodore Sopher have published a 435-page volume entitled *The Profitable Path of Shanghai Realty*, consisting of articles which they have contributed during the last four and a half years to the *Shanghai Sunday Times* and the *North-China Daily News*. There are 51 chapters dealing with different aspects of real estate in Shanghai and an index which makes reference simple. Bound in limp covers, the volume is on sale locally at $5.50 Chinese currency. The *Shanghai Times* did the printing.

Cancellation of Bonds Urged on the Chinese

In an effort to release more money for continuing the resistance against the Japanese advance and "lessen the Government's financial burden," the New Life Movement has inaugurated a new "Offer Bonds to the State Campaign."

The campaign calls for voluntary offerings by Chinese citizens and foreigners who subscribed to bonds floated since the war started and encourages subscribers to cancel their right as creditors regarding the government's obligation to repay the money.

Four government banks have offered voluntary assistance to the New Life Movement's campaign by taking charge of accepting the bonds donated. It is understood that branches of the Bank of China at Hongkong and leading capitals of the world have been placed in charge of accepting bonds abroad.

Jenkins Named U.S. Minister to Bolivia

Douglas Jenkins, former U.S. Consul-General at various points in China—Harbin, Canton, Shanghai and Hongkong—has been appointed Minister to Bolivia. Mr. Jenkins is a native of Charleston, South Carolina and prior to joining the State Department had experience as a reporter, city editor and editor of newspapers. Prior to coming to the Far East he was stationed at consular posts at St. Pierre, Goteborg, Riga, where he also had charge of British and French interests from 1914 to 1917. His first post in China was at Harbin in 1918.

THE CHINA QUARTERLY

Vol. IV. AUTUMN, 1939 No. 4

(TWO YEARS OF SINO-JAPANESE HOSTILITIES)

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Public Documents:
Generalissimo Chiang Denounces "Far Eastern Munich".....
Generalissimo Chiang's Message to Friendly Powers, July 8, 1939.....Dr. Kung Broadcasts to the United States, July 5, 1939.

Reviews of Books:
Mason, Western Concepts of China and the Chinese, 1840-1876;
Leavens, Silver Money.

Subscription rate for China: $1.50 per copy — $6.00 per year.
For foreign countries: 12 shillings or U.S.$3.00 per year.

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